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THE
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FALLING PRICES AND THE REMEDY

ALLING PRICES

AND THE REMEDY

BY

LYMAN [illegible]

> [illegible] and justice demand that the [illegible] [illegible] farmer and wage-earner [illegible] [illegible] consideration at the hands of the [illegible] as is accorded to those who deal in money.

BOSTON

GEORGE BOOK PUBLISHING CO.

1898

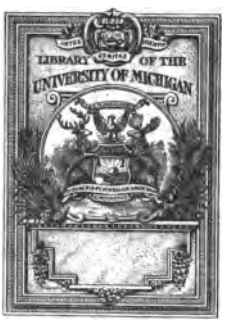
FALLING PRICES

AND THE REMEDY

BY
LYMAN F. GEORGE

Equity and justice demand that the merchant, manufacturer, farmer, and wage-earner shall receive as much consideration at the hands of the law-makers as is accorded to those who deal in money.

BOSTON
GEORGE BOOK PUBLISHING CO.
1898



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FALLING PRICES AND THE REMEDY

BOSTON
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1895

eminent public men — those who are responsible for conditions growing out of legislation — the cause of this perpetual and ruinous fall in prices for such a long and trying period.

Having at best received only evasive or conflicting answers, and finding the anxiety intensifying in the mind of the business community, and suffering and distress increasing in the ranks of the working classes, the author determined to take up the study of political economy, and to discover, if possible, for himself the real cause of the rise and fall in values in the markets and nations of the world.

In undertaking this work the author resolved, at the outset, to pursue the subject on conscientious and patriotic lines, and to avoid those opinions put forth by men for the purpose of influencing votes for party success in order thereby to get legislation in the interest of special grants and privileges, instead of seeking the common welfare of the whole country. In order to do this he believed it necessary to study the laws and systems laid down by the old masters and authorities of the world, and then determine to the satisfaction of his own mind whether the rise and fall in prices, the high or low values ruling in different nations, were the result of chance, of nature, or of laws and systems designed by man for the purpose of producing desired results, and furthermore to ascertain if it were possible to get, through legislation, a continu-

ous rise or a continuous fall in price, or to establish high or low values upon property and commodities by adopting a certain system and law designed to produce any desired effect upon prices by the people of any nation.

After having devoted much time and labor to study and research, the author submits to his readers the fixed and positive opinions of the world's standard authorities upon this great question, — making this single observation, however, that they are all of one opinion upon one point: namely, that all prices and values ruling in different nations are established by the *laws* and *systems* prevailing in those nations.

It is the firm belief of the author of these pages that the business men of New England are imbued with a broad and patriotic spirit; that they would waive all selfish ends in considering a great question involving the welfare of their whole country; and that if they found upon the study of such a question they had been mistaken in theory, they would, to a man, — as they substantially did from 1850 to 1860 upon the question of slavery, — change their opinion in order to effect the greatest good to the greatest number. This belief has been the staff of encouragement upon which he has leaned in his earnest and untiring efforts to discover if there were laws and systems which would, if applied, lead us out of this long night of business depression and constantly falling prices.

CHAPTER I.

THIRTY YEARS' FALL IN PRICES.

On January first of every year most business houses take their annual account of stock, as upon the rise or fall in the value of the stock on hand at that time depends very largely the profits of the previous year's business. This is such a self-evident fact that all prudent business men wait until stock has been taken, the books balanced, and the profit or loss of the past year's business ascertained, before placing contracts for the coming year.

All good business men understand the advantage of buying heavily at the beginning of the year, during periods of rising prices; and they also know the disadvantage of large purchases during periods of falling prices.

For the careful business man, who is not a student of political economy, or who is not familiar with the laws and systems designed to produce high or low prices, it is fairly safe for him, in making his calculations and fixing upon the policy to be pursued in his business affairs for the coming year, to be guided by the business prosperity of the nation during his past year's

business. It is also considered good business-sense to act upon the theory that, if prices have been not only good, but have shown a slight advance in all departments of commerce and trade throughout the land over those of the preceding year, this is an indication that the markets are low in stocks of goods; that the factories and mills have been unable to keep supply up to the demand; and that under such conditions it would be safe to contract for a sufficiently large stock of goods to fill all prospective orders for at least the first six months of the year. It would also be reasonable and logical to think that, since the mills were unable to supply the demand of the previous year's trade, as reflected by a general rise in prices, under such circumstances labor throughout the country must not only have been fully employed, but must occupy a position in the labor market to dictate good pay, which in turn will enable the working class to consume a larger amount of goods.

This would further deplete the stock on the markets, as it is clear that the working class is always in need of goods, and that its extent of purchases is limited only by the amount paid to it in wages. It will be seen by the law of cause and effect that this rise in prices would continue indefinitely, unless interfered with by some deeper principle more potent than the mere laws of trade. The increased demand caused by rising prices would constantly operate still further to raise

prices. As far as the mercantile community and the producing classes are concerned, it must be admitted that this condition of trade would be very satisfactory. But that there is another class in society to whose interests this rise in prices would be detrimental will appear as the argument unfolds.

To reverse this picture, it can be shown that the falling prices which have prevailed for thirty years have produced the present deplorable conditions, and will continue indefinitely to do so under the same law of cause and effect that attends rising prices, unless corrected or checked by the same deeper and more potent principle alluded to above.

Prices in general in this country still have a downward tendency, and as a result the business men are reducing stock, whilst the mills and factories are either curtailing their output, shutting down, or reducing wages. That this condition of trade is very undesirable to the merchants, and to the producing classes generally, is evident without taking time to prove it. The fact that low prices have prevailed through any preceding year is proof that the subsequent year, with causes remaining the same, must continue to show a continuous fall. All conservative and prudent business men will purchase the smallest amount of stock possible to meet a constantly narrowing and shrinking demand. At the same time the output, which never lessens in ratio to the falling off in demand, helps to force down prices through the accumulation of

stock, which, if not moved at forced sales, must cause congestion, and finally result in panic and collapse, — as was the case in 1893, when over seventy-five per cent. of the mills and factories were forced to close. Under such conditions of trade, it would be folly to claim that any considerable class of the people desired to perpetuate any laws or systems that they generally believed to be the cause of the distress.

Before showing the impossibility of changing the continuous upward and downward tendency of prices without first changing the systems and laws created for the purpose of producing them, I will quote the following statistics and tables of prices from 1865 to 1895, showing a rapid and continuous fall in prices under which our merchants have been forced to do business.

	1865	1870	1875	1880	1885	1890	1895
Copper . . .	$ .50	$ .21½	$ .22	$ .21	$ .11½	$ .13	$ .10
Wheat, bushel .	2.50	1.40	1.25	1.33	.92	.83	.73
Cotton, lb. . .	1.22[1]	.25	.14½	.13	.11	.09½	.05⅞
Beeves, lb. . .	.16	.11	.12	.08	.09¼	.04¾	.03½
Dressed Hogs, lb.	.17	.11½	.09½	.04¾	.06	.04⅝	.06
Com. Wool . .	.95	.44	.42	.35	.34[2]	.33	.17
Lead, lb. . . .	.20	.16	.12	.07	.03½	.03¾	.03¼
Pig Iron, ton .	56.00	21.00	24.00	27.00	16.00	20.00	12.00
Leather, lb. . .	.55	.40	.35	.28	.27	.23	.29

[1] It will be noticed that cotton is quoted at $1.22; this was due to the blockade. Soon after peace was declared, it fell, and remained at about forty-five and fifty cents for some years.

[2] The above quotations on wool from 1885 to 1895 are taken from the sales book of a large and reliable wool house in Boston.

The above table I have compiled from the market reports of the files of the New York *Daily Tribune*. The average market price of the first month of each five years was selected, for thirty years.[1]

I think this table substantiates the statement that we have had falling prices for thirty years. To show that this fall in prices is destructive to the best interests of the whole nation, I will now submit tables to prove, by showing that the increase of failures has kept up in ratio to the fall of prices. The following table will show the commercial failures in the Northern States from 1865 up to the year 1870, after which it shows the failures of the whole country:

IN THE NORTHERN STATES.

Year.	Number of Failures.	Aggregate Liabilities.
1865	530	$17,625,000.00
1866	632	47,333,000.00
1867	2,386	86,218,000.00
1868	2,197	57,275,000.00
1869	2,411	65,246,000.00

[1] It will be remembered that gold and silver were not used as money from 1862 to 1879. These metal dollars were bought and sold as metal, and not as dollars to be used in general business. They no longer measured values. They fluctuated more than any other commodity. The prices during the period from 1862 to 1879 were based on volume of money, and not on gold. Wheat at $2.50 per bushel would pay $2.50 worth of mortgage, but wheat at fifty cents in gold to-day will only pay off fifty cents worth of mortgage.

IN THE WHOLE COUNTRY.

Year.	Number of Failures.	Aggregate Liabilities.
1870	3,551	$ 88,242,000.00
1871	2,915	85,252,000.00
1872	4,069	121,056,000.00
1873	5,181	228,490,000.00
1874	5,695	151,689,000.00
1875	7,404	195,289,000.00
1879	6,652	99,636,342.00
1880	4,350	57,120,995.00
1881	5,929	76,094,667.00
1882	7,635	93,238,936.00
1883[1]	10,299	175,968,000.00
1884	11,620	248,740,000.00
1885	11,116	119,120,700.00
1886	10,568	113,648,291.00
1887	9,740	130,605,001.00
1888	10,587	120,242,402.00
1889	11,719	140,359,490.00
1890	10,673	175,032,836.00
1891	12,394	193,178,000.00
1892	10,270	108,595,248.00
1893	15,508	382,153,676.00
1894	12,724	151,548,520.00
1895[2]	12,958	158,727,682.00[3]

I call the reader's attention to the above tables to show the small number of failures in 1865, when the circulation of money was large and the business done on a paper basis; and I ask him to compare

[1] About seventy-seven per cent. were those of small traders whose capital was less than $5,000.

[2] In the United States about eighty-six per cent. of the total number of the concerns failing had $5,000 or less, and nine per cent. had from $5,000 to $20,000 capital.

[3] I am greatly indebted to The Bradstreet Company for the above tables of failures and liabilities from 1879 to 1895, and also for the note showing percentage of failures of small concerns in comparison with large ones.

the same with the large number of failures since, under a small volume of money and a gold basis. The difference is very significant.

The following table of Index Numbers compiled from London prices of forty-five principal commodities, by Augustus Sauerbeck, F. S. S., who is looked upon as standard authority, shows clearly that some cause must be looked for of further reaching effect than that of tariff, foreign markets, foreign labor, or free trade, since prices fell in that country as well as in our own. Mr. Sauerbeck's Index Numbers are as follows:[1]

Year.	Index Numbers of 45 Principal Commodities.	Year.	Index Numbers of 45 Principal Commodities.
1874	102	1885	72
1875	96	1886	69
1876	95	1887	68
1877	94	1888	70
1878	87	1889	72
1879	83	1890	72
1880	88	1891	72
1881	85	1892	68
1882	84	1893	68
1883	82	1894	63
1884	76	1895	62

[1] "There have been various Index Numbers, seven or eight of accredited authority, but after a careful comparison of several of these numbers, I have come to the conclusion that Mr. Sauerbeck's is, upon the whole, the most carefully prepared, and the one which best represents the general movement of prices."—*Royal Commission on Depression in Agriculture.* (Prof. H. S. Foxwell, No. 23,558.)

When one contrasts the conditions of trade from 1861 to 1868, which gave an annual rise in values upon all investments for seven years equal to the fall in values during the subsequent thirty years, it is easy to see that it was not the superior brains of the men doing business during the former period, but the more favorable conditions of the latter which made their fortunes. Their success grew out of the constant enhancement of value of everything they bought. This can be easily proven by the fact that men who were engaged in business in 1869 and 1870, and who understood the principles of financial legislation, sold out their business at the high-water mark of prices in material and merchandise, and invested in the low-water mark price of bonds and securities. They knew full well what the destruction of so much government money was designed for. The truth of the matter is that the men during the period of rising prices did not do the money-making part of the business, but constantly rising prices did it for them.

Any business man can sleep more restfully when he knows that every morning he awakes a richer man from the rise in values upon all he owns, and he will naturally wear a different expression upon his face from that of the business man of to-day, who goes to sleep conscious of the fact that every morning he awakes a poorer man to the extent of the fall in prices of everything in which he has his

money invested, especially if this has been going on for thirty years.

While Mr. Sauerbeck's Index Numbers do not show such a violent drop in prices for England as the *Tribune's* market reports do for America, almost any practical business man can see how well-nigh impossible it must be for any new undertaking in which "clear cash" is invested in material, with the annual shrinkage for thirty years constantly going on, as shown by the above tables, and with the close margins existing under the sharp competition and depression in trade, to not only hold its own but to avert disaster in time.

The difference, however, between the man who did business under rising prices and those now doing it under falling prices, is that the former did not oppose any measures in legislation which sent prices "kiting" for eight years; while the business men of to-day, especially of the East, are opposed to any movement in legislation which will even temporarily check the downward trend of prices. Of course there are instances where some business men go back of what their rich neighbor said, who retired from business years ago, or what the discount clerk tells them the president of the bank said, as to why prices fall; such men investigate for themselves the laws passed in Congress from 1861 to 1865, and read Congressional proceedings, and thus find out that there were two classes in this country, and that these classes had

conflicting interests; that one class wanted low prices, while the other class wanted high prices. The former class wanted to buy much for few dollars; they had no interest in business prosperity; in fact, their success depended upon the business man's distress; while the class who had all in farms, in commodities, in mines, furnaces, factories, or in business pursuits generally, wanted money issued, and were not particular what kind it was so long as it gave the country prosperity and power to put down rebellion and preserve the Union.

We are now brought face to face with an existing fact which cannot be pushed aside, and cannot be circumvented. We must meet it; we must contest it and change it, or we must accept it as being an unalterable condition to which we must unconditionally surrender.

There is no longer the fallacy of "low or falling prices being a blessing" existing in the minds of the people in the East, West, North, or South. The farmer has been crying out for higher prices for his crops for twenty years. The abandoned farms of the East, the evicted farmer of the West, present a picture of agricultural decay in this new country, resulting from falling prices, which makes the heart sick. The planter of the South has struggled on for years under promises of restored prices and prosperity, until now, after twenty years of exhausted fortitude and patience, he has at last

seen the cotton of his section, which once brought forty cents, settling down to six cents a pound; and as a result he finds not only his plantation and machinery mortgaged by Eastern or English capitalists, but his ungrown crop covered by the cold hand of the usurer for money advanced upon it, and like the farmer he, too, in the end, must abandon his holdings to those who know not work.

The miner who has given his whole life to bringing to the earth's surface copper, lead, iron, and other ores, meets the same fate of the farmer and planter. He, too, looks back upon the day of high prices, which with him was the day of prosperity; but to-day he is also brought face to face with prices so cruelly low that they crush the strongest heart.

Then comes that great class of wage-workers, once prosperous and free, but to-day facing a future as black as night, without a ray of hope, most mercilessly cut down in wages, and this without being consulted. Worse still, they are told that their hunger will soon bring them to terms. All this suffering and sorrow to the wage-earners grows out of a constant and persistent fall in prices which a few sordid and hardened rulers term "the blessing of low prices."

The merchant with his large stock of goods drums the retailer for trade, while the retailer sits in his store with last year's styles unsold, and his bills dragging upon his heels. In desperation he

rushes to his windows, rearranges, and again marks down his goods. But still the people do not come to buy. They look in his windows and comment upon how low everything is getting, but turn wistfully away, while the storekeeper looks at their threadbare clothes and poorly shod feet, wondering why the people do not buy, — forgetting all about the abandoned farms, the mortgage-covered plantations, and the cut-downs and shut-downs in the mills, mines, and factories. At last the retailer, like the wholesaler, the manufacturer, and the farmer, comes to the conclusion that he, too, is tired of low prices. At last, the wage-worker, finding that before he can buy cheap he must first suffer a cut in his wages in order to have cheaper goods put on the market, resolves that he has had enough of low prices. And to-day it may safely be said that, outside of the few whose fortunes are in non-shrinkable, non-taxable, interest-bearing securities, the whole people of the nation have become heartily sick of low-priced goods, and would, to a man, advance prices all along the line, being perfectly willing now that planter, farmer, and wage-earner should share in the advance.

The press of the East has wrongfully instilled into the minds of the people of New England that the lower the prices forced upon the producers of food and raw material in the South and West, the better it would be for the consumers of food and manufacturers of raw material in the East; since

the wage-earner is protected, first, by his labor organization, and secondly by a high tariff in which he shares with the manufacturer, and that under these protective measures he will not suffer. This teaching is as narrow as it is short-sighted.

The wealth-producing sections in raw material amount to four-fifths of the nation; and when this great portion of our country has been robbed as they have been through low prices for the past thirty years, the other one-fifth of the country is sure to suffer as severely in the end. It may be true that the growers of food and raw material suffer first and longest when an era of low prices sets in, as has been proved in our experience during the past thirty years. The country being very rich when prices began to fall, men who were growing raw material, even at a loss, kept on hoping for the best; but not until they had exhausted their reserve capital, accumulated under high prices, did they begin to murmur and organize politically to protect their sectional interests. During all this time the manufacturers of the East were selling under legislative protection, while the wage-earners sustained their price-lists through labor organizations; but in the end they find that prices have fallen to that level at which both the employer and employee are threatened with bankruptcy and want. Or, to express it more clearly, the East has found out that by impoverishing the raw-material growing West and South, it has lost its great customer, and

that the only way to regain the prosperity it once enjoyed is first to restore those profitable prices to the West and South, under which they will again send their orders to the East, that she may again run her mills night and day. This will restore prosperity. It formerly gave the whole country prosperity, except a very small class, who were investors in bonds, and who lived on board ocean-liners; who bought their goods abroad, but whose influence over our legislation has always been to depress prices, until now Europe can get our raw products for nearly one-third their value, thus impoverishing our producers and destroying our own market.

That this question of falling prices is the result of some law or system which has a very extended effect can be best judged by the fact that it is felt throughout the whole Western world. True, those nations which are more closely connected by language, travel, custom, laws, and systems affecting commercial transaction and trade relations, are the most deeply affected. One remarkable fact will be observed, however, which is that, during the past thirty years of falling prices, there have been no wars, pestilence, famine, or widespread disaster of any kind to which this alarming destruction of values can be attributed, at least not to those nations most closely allied by trade and commerce.

It is shown by Mr. Sauerbeck's Index Numbers, that prices have fallen quite as heavily, for the past

ten years, in England as in America, while other nations have felt the fall, if not so severely, yet as steadily and as continuously, and seemingly by the same causes affecting us, whatever those may be.

In looking over Mr. Sauerbeck's Index Numbers, it will be observed that the fall in prices in England, from 1868 to 1895, move downward, and in close sympathy with prices in this country during the same period, which forces us, when looking for the cause, to find one which is not only far-reaching, but at the same time productive of simultaneous and similar effects, here as well as in England.

Having thus far presented tables of statistics of the most eminent men who stand as the recognized highest authorities at home and abroad in substantiating that which we claim to be a fact, — namely, a thirty years' fall in prices; and having also submitted statements and opinions of our public men of the disastrous effects upon the material welfare of the nation in general, and against the interest of the producers and distributors of wealth in particular, — including in the above-named classes the mercantile, agricultural, industrial, and laboring classes, — I now desire to call the reader's attention to the fact that this long and continual fall in prices, as well as its disastrous effects, was neither sought nor desired on the part of the above-named interests. Yet from some cause it has been persistent and continuous, in spite of all the protests and objections made on

the part of those representing the wealth-producers of the land.

The writer is willing to hazard the opinion that if it could be known by the masses of the nation that, by adopting a certain system, law, or policy known to political economy, it would raise prices and bring national prosperity, the people would carry every State in the Union by voting for its adoption.

The patriotism of the American people is fast rising above party leaders and party platforms. Matters are becoming too serious to permit mere politics longer to interfere in them. Conflict of opinion is beginning to intensify as to the cause of our troubles; and this is the first sign of hope, the first ray of light, which has appeared during the long depression. When all classes have been reached, and suffering has become general, as in the present case, a spirit of harmony between previously conflicting interest is sure to be manifested; and the moral law in the community, which always asserts itself in the face of danger, injustice, or suffering, will cause men to relax their hold upon their positive and rigid opinions, the origin and authority for which they cannot trace back of their party leaders, party press, or party platform. Having seen our present system adopted by both parties, they have taken it for granted that the system, or policy, was a correct one. As, in the case of sickness, they leave all matters of treatment and

medicine to their doctor; as, in the case of religion, they follow their parents and their ministers, so it is no wonder that men whose every minute is taken up with the care of business have no time to give to the study of political economy, and at best have but limited knowledge of the cause of national disaster in commercial affairs. To show this, I will quote from one of New England's grandest, if not her greatest sons, Daniel Webster:

> By far the most valuable practical knowledge that can illumine the mind of man is that concerning money. A correct knowledge of its principles and operations is worth more to the merchant and the man of enterprise than the capital invested in his business; and to the farmer, the artisan, the salary or wage laborer, than the outcome of ten years of his toil. Yet, even among merchants and those who conduct the great enterprises of the country, hardly one in a thousand has any real or correct knowledge of a matter which, more than all others, should receive their profound study. It is almost universally true that that which is counted as a knowledge of money in reality is ignorance of the grossest character. Out of that ignorance I have spoken things of which I am now ashamed and greatly grieved, and which I shall undo if life and the opportunity are spared me.

Every business man is excusable for not being able to account for years upon years of falling prices, especially when the same becomes not only national in scope, but world-wide; and when, upon finding the effects coming home to himself, he, in seeking the cause, finds himself confronted with

conflict of opinion in each and every party, throwing his mind into utter confusion upon his first attempt to find a solution. Becoming discouraged in this first attempt, unless he has a mind superior to the average business man, and resolves that he will study the question for himself, he is very apt to drift along for years with the idea which most shiftless and careless business men fall into when they find a screw loose in their business which cannot be easily accounted for, — that, "if let alone, it will all come around right in time."

This has been the position taken by the average business man for the past fifteen or twenty years regarding falling prices, but with the business man who is a thoroughbred in business it is looked at in an entirely different light. He wants *to know.* If he cannot find knowledge by one method, he seeks another, and usually, before he can become satisfied, he is driven to make a study of the subject for himself. After having studied and found the correct solution, and become informed upon the question, he finds that almost every man he meets, and whom he knows has not studied the question, will turn from him, either with a feeling that he cannot meet the logic and arguments of his opponent, or else that he "knows it all" because he has "read all about it in the papers," and does not wish to discuss it. To show how few business men there are who *do* know the cause in the fall of prices, I have quoted Webster; in order now to show

that most business men do not know the effects of the various monetary systems, I will quote Bodin (1557), who says :

> Men have so well obscured the facts about money that the great part of the people do not see them at all. The moneyers do as the doctors do, who talk Latin before women and use Greek characters, Arab words, and Latin abbreviations, fearing that if the people understood their receipts they would not have much opinion of them.

One would naturally suppose that, moved by patriotism, by the love of justice, and the cause of humanity, the press of this country, supported as it is by the people, would give the laws set forth by the world's greatest authorities upon the class of legislation needed to effect a continuous fall in prices, or on the other hand would show that class of legislation which would cause a continuous rise in prices. It would be difficult to find a man of prominence who will claim that it is impossible to force prices up or down, in view of the steady rise in prices from 1860 to 1867, and that after the reversal of the "lever," or systems and laws then existing, there was a continuous fall for thirty years. More especially does this fact carry weight when it is known that in each instance the rise and fall in prices was caused by the adoption of those systems recognized by all standard authorities on political economy, and which in each instance was sufficient to produce the desired effects.

We have shown the continuous fall in prices for

over thirty years by Index Numbers prepared by the acknowledged ablest authorities abroad, and also those of standard authorities at home, and feel that there can be no reasonable doubt upon this point. Further on we shall show the disastrous and the most deplorable effects resulting from it.

Since it is the desire of men in all schools and of all parties to raise prices and to restore general prosperity, not alone in the centres of commerce and trade but also in the ranks of agriculturists, as well as of those engaged in the industries and in labor, would it not be broad intelligence to ignore all party lines upon other questions, and to ascertain the systems which, if applied for this one purpose, would produce high prices to-day as they did centuries ago, and by so doing avoid the contention growing out of party feeling and prejudice?

In taking this step, we must resolve to hold our personal views in suspense if the systems proposed by the authorities (who are sustained by history, which shows that the results took place which they predicted) seem to clash with our party or even personal interest, trusting that that which will benefit the nation as a whole must in some manner benefit us individually.

It is a very prevalent idea to-day that no real distress had come from the unprecedented fall in price during the past quarter of a century, until about four years ago. This arises from the fact that men do not memorize events which do not

come home with a blow to them personally. Before they can judge of systems and their effects, they must first look up their results during the years they are in force, for man's memory is a very uncertain thing to depend upon for accuracy in such matters. The incidents and events chronicled at the time, and later woven into history, are a great deal more reliable. Hence it is necessary to produce history, which oftentimes refreshes our memory and assists us in formulating our opinions regarding the merits and demerits of a question.

According to the Index Numbers of Augustus Sauerbeck, the fall in prices commenced in 1820, and continued until 1843. Without going into the cause at this time, we desire only to give the distressing effects. This we do in order to correct the fallacy held by so many that, the lower the price, the more of the good things of life one can procure. Here again we see the effects of a lack of knowledge upon political economy; for had such believers been influenced by this knowledge, they would have seen that there were two classes in society, and that the very limited class who were non-producers, but who lived upon income (these being paid in the products of the great class of producers at low prices, often below cost of production), would be left without any money with which to purchase at any price, however low it might be.

Mr. Sauerbeck's Index Numbers show that in

taking thirty-one leading commodities in 1819, the Index Number being 106 at that time, a constant fall in prices occurred until 1843, at which time eighty-two becomes the Index Number. To show the effect of falling prices during this period of twenty-four years upon the masses, we will quote from Sir Archibald Alison, F. R. S. E., to show the condition of society in England during these years of falling prices. He writes as follows :

The blue folios of the houses of Parliament teem with authentic and decisive evidence of the vast increase, during the last thirty years, of crime and frequent destitution among the working classes in all parts of the empire. Every four or five years a brief feverish period of gambling, extravagance, and commercial prosperity is succeeded by a long and weary season of anxiety, distress, and depression. Frightful strikes among the working men, attended with boundless distress among, and hideous democratic tyranny over them; suffering or pestilence stalk in the rear of famine, and popular insurrection has become so common that it is a rare thing to see two years pass without martial law being of necessity practically enforced in some parts of the empire. And, as if to bring this chaos of contradictions to a perfect climax, at the very time when unheard-of exertions have been made for the education of the people in every part of the empire, and the newly aroused fervor of religion in all denominations of Christians has drawn forth unparalleled efforts for the diffusion of the gospel among the working classes, crime has made unexampled progress in every part of the empire; and the scandal has been exhibited of serious and detected offences having multiplied sevenfold in a realm which, in the same period, has not added more than seventy per cent. to the amount of its

population; in other words, during a period of unparalleled growth of wealth and effort at instruction, crime has augmented ten times as fast as the numbers of the people.

We repeat it, — this state of things is unparalleled in any other age of the world or quarter of the globe. We say this after due consideration and a full appreciation of the unutterable and now forgotten miseries in which the world in general and ourselves among the rest have been involved in former ages, from the ravages of foreign war or the grinding of domestic oppression. Nothing is more certain than that the wretchedness of those days infinitely exceed anything in the present, and that, compared with their sufferings, the low wages of our sullen Chartist, or the destitution of our starving repealers, would be esteemed absolute paradise.

Having shown that we have had falling prices for thirty years, I will now show that, in whatever nation or at whatever time falling prices have prevailed, they are always accompanied with financial disaster and bankruptcy to the merchant, and enforced idleness and want to the laborer.

CHAPTER II.

DISASTROUS EFFECTS OF FALLING PRICES UPON REAL ESTATE, MERCHANTS, FARMERS, AND WORKING CLASSES.

HAVING shown in the previous chapter the fall in prices of all kinds of property, commodities, and labor for thirty years, and having produced tables substantiating the statements made, I will now proceed to show the disastrous effects which this has had on all classes except one,— which one I shall designate later.

If any merchant will go back through the years subsequent to the acts of Congress from 1866 down to 1896, thereby refreshing his memory in regard to the distress following those acts, he will find a wreckage of financial institutions, railroads, and merchants, and the loss of farms and homes, as well as loss of time and wages of the laboring class, never before equalled in the world's history. I do not desire to let this statement rest upon my bare assertion, but will substantiate it with facts and figures.

No doubt the famous despatch sent out by Tom Scott, president of the Pennsylvania Railroad Co.,

in 1877, will help to refreshen the memory of the reader. It was in answer to one sent him that the people living on his lines were living on an oatmeal diet. Scott answered, "I will send them a leaden diet." It will also be remembered that at that time there were five States under arms, and that the hungry mobs had destroyed $7,000,000 worth of property in and around Pittsburg. All this trouble and suffering was the result of falling prices, which commenced with the years 1867 and 1868. To show further the severity of the distress existing at that time, I will quote from a letter written by Henry Carey Baird, who is the present head of one of the oldest publishing houses of works on political economy in America. This letter was published in the *North American*, of Philadelphia, Nov. 4, 1893. I quote parts as follows:

WRECK OF RAILROADS, 1876–1877.

. . . On Feb. 22, 1877, the *Railway Age* of Chicago stated that eighty-six railroads had, during the year 1876, met with disaster as follows:

	No. of Roads.	Mileage.	Capital Invested.
Sold under foreclosure	30	3,460	$217,848,000.00
Receivers appointed, or foreclosures	46	7,576	538,000,000.00
New defaults	10	2,577	156,661,000.00
Grand total	86	14,179	$912,509,000.00

And the same paper, under date of March 22, 1877, says:

"Out of a total nominal investment of the railroads of this country of $4,775,000,000, about thirty-eight per cent., or $1,800,000,000, is represented in defaulting roads, and is, therefore, for the present at least, almost wholly unproductive to investors. . . .

"The losses incurred by the shrinkage of the stock of the four principal coal-roads within the last year are appalling, as shown by the following table:

	Value March 8, 1876.	Present Value.	Shrinkage.
Central New Jersey	$21,961,750.00	$1,744,625.00	$20,217,125.00
Delaware, Lackawanna, and Western . . .	31,178,000.00	17,423,000.00	13,755,000.00
Delaware and Hudson Canal .	24,000,000.00	10,400,000.00	13,000,000.00
Reading	32,863,500.00	4,251,000.00	28,612,500.00
Total	$110,003,250.00	$33,818,625.00	$76,184,625.00

"Add to this $76,000,000 of loss from the depreciation upon the bonds of the companies, and the estimate that the total apparent loss caused by the coal panic within a year will reach one hundred millions of dollars, is not far from correct. . . . The loss of nearly $8,000,000 in annual dividends by the stockholders of the four roads named is a calamity of widespread effect."

On April 16, 1877, the New York *Tribune*, under the heading of "Wrecked by Real Estate," says:

"A reporter of the *Tribune* recently had a long interview with a gentleman who has been closely identified with the ups and downs of the market during the past few years. 'It is a frightful retrospect,' he said, 'but as a warning to those who may again desire to speculate in unimproved property, the whole story ought to be told. It is not neces-

sary to give names; the facts will speak for themselves, and those at all acquainted with our market will at once be able to identify the bodies when I come to call the roll of the killed and wounded. . . . The masses of the people, who imagine that they alone have suffered during these hard times, would open their eyes if they could understand the misfortunes sustained during the past four years by many of the formerly wealthy families of New York, and see how changed are the circumstances and surroundings in which they are now living.'"

And early in 1877 the same journal expressed the opinion that either the debt of the city of New York must be repudiated or the entire real estate in that city would pass into the hands of new holders at lower prices.

Thus it will be seen, from the quotations I have made, that millions of men were reduced in wages, and millions more were thrown out of employment; that hundreds of millions of dollars were lost by the holders of stocks in the railroads of the country, while the shrinkage shown in New York City was only a fair sample of the shrinkage in real estate throughout the land. When we consider that this shrinkage took place over twenty years ago, and has been going on steadily from that time until the present day, and that to-day we are still confronted with stagnant business, with cut-downs and strikes on every hand, with unmovable stocks of goods in the mills and retailers' hands, — is it any wonder that men become tired of falling prices, and begin to look for the cause, and seek, if possible, a remedy?

To show how difficult it is for the business man and farmer to detect or discover the true cause for falling prices, and how subtle and illusive that cause is, I will quote from the Report of the Monetary Commission of the United States, page 51:

Whenever and wherever the mutterings of discontent were hushed by the fear of increased standing armies, the foundations of society were honeycombed by powerful secret political associations. The cause at work to produce this state of things was so subtle, and its advance so silent, that the masses were entirely ignorant of its nature. They had come to regard money as an institution fixed and immovable in value, and when the prices of property and the wages of labor fell, they charged the fault, not to the money, but to property and the employer. They were taught that the mischief was the result of overproduction, never having observed that overproduction was complained of only when the money stock was decreasing; their prejudices were aroused against labor-saving machinery. They were angered at capital because it either declined altogether to embark in industrial enterprises, or would only embark in them upon the condition of employing labor at the most scanty remuneration. They forgot that falling prices compelled capital to avoid such enterprises on any other condition, and for the most part to avoid them entirely. They did not comprehend that money in shrinking volume was the prolific parent of enforced idleness and poverty, and that falling prices divorced money, capital, and labor, but they none the less felt the paralyzing pressure of the shrinking metallic shroud that was closing around industry.

From the above quotation one can see that in former times men talked as they do to-day, and

that every man to-day has just the same opinion concerning the effects he sees resulting from contraction of money and the fall in prices. But whether the fall in prices to-day is the result of our nation's having contracted its volume of money, or has come from other causes, it cannot be disputed, either from the testimony adduced from history, or by actual experience of our day, that the result is disastrous to the merchant and laborer alike. That beneficial effects flow from rising prices to merchants and laborers equally is evident. Therefore, in order to restore prosperity, the first step necessary is to study the subject and ascertain what legislation is required; to ascertain if it be in the power of legislation to send prices up, and, if not, then to continue the search for the cause until found.

To show that this fall in prices is a very serious matter, and that it extends beyond our own country, I will offer in evidence the existing state of affairs among the producing and mercantile classes in England.

James Henry Hallard, M. A., of Liverpool, England, says:

> Here also is an eloquent summary, by the pen, of the evils of low prices, — evils that are largely traceable to the break of "exchange."
>
> What is our position at the present time? We have, according to the Chancellor of the Exchequer, the "unspeakable blessing of low prices," and side by side with that

we have two million acres of arable land gone out of cultivation. We have nearly half of our great iron and steel works closed, and out of about five hundred tin-plate mills, in the manufacture of which we have enjoyed the monopoly of the world, two hundred and thirty are idle, and have been for the last twelve months. We have colliers working two to four days a week; we have sixteen thousand looms idle in Blackburn, three thousand in Preston, and I know not how many others in different towns in England. Our jute mills are running intermittently, and even then at a loss; we have millions of tons of shipping lying idle, and our great cotton, linen, and woollen industries depending upon it are suffering in sympathy. Lead-mining, tin-mining, and copper-mining have almost ceased in Great Britain; our great chemical trades are in a ruinous condition, our paper trades unprofitable, and nearly all our great manufacturing industries in the same dismal plight. What are the effects upon labor? There has been a reduction, in the corn-growing countries of England, of twenty per cent. in the wages of the agricultural laborer, of nearly twenty-five per cent. in that of the iron and steel workers, of thirty-five per cent. since 1891 in the wages of the South Wales colliers, of twelve and a half per cent. in the wages of tin-plate makers, — such of them who are able to get work at all, — and a further twelve and a half per cent. reduction is now demanded by the employers, who say (and I think truly) that the alternative is to close their mills. The cotton operatives in Lancashire, in 1893, after sixteen weeks' strike, submitted to a reduction of three and a half per cent., but another five per cent. is now demanded by the masters, with a threat to close the whole of the mills of Lancashire, if not conceded. There is a threatened reduction of wages in the hosiery trade in Leicester, affecting six thousand hands, and reductions are in the air all around. If you talk to the average employer about the present deplorable position, his idea generally is

that wages must come down, and I am sorry to say that if the remedy which I advocate (bimetallism) is not readopted, there is no help for it; wages must come down, and come down heavily.

Without regard to the opinion which Mr. Hallard holds as to the cause of low and falling prices, the injury and suffering, as a matter of fact, in the then existing deplorable condition of trade, and loss to the mercantile, manufacturing, and laboring community, is beyond dispute, and should certainly cause those who are always advocating lower prices, and consequent cut-downs, to stop and consider what the consequences must be if the downward trend of prices is not checked.

Over twenty years ago a monetary commission was created by Congress, and in its report, on page 55, will be found the following:

The worst effect, however, economically considered, of falling prices, is not upon existing property nor upon debtors, evil as it is, but upon laborers, whom it deprives of employment, and consigns to poverty; and upon society, which it deprives of that vast sum of wealth which resides potentially in the vigorous arms of the idle workman. This estimate is not an extravagant one, that there are now in the United States three million persons willing to work, but who are idle because they cannot obtain employment. This vast poverty-stricken army is increasing, and will continue to increase as long as falling prices shall continue to separate money capital, the fund out of which wages are paid, from labor, and to discourage its investment in other forms of property. . . . Little more labor will be employed under these circumstances than is sufficient to support the

owners of capital on this parsimonious basis; and as a consequence, the labor market will be overstocked, and the competition between labor will reduce wages to a starvation level. But during this period, when property is being sacrificed to meet current necessities, and laborers are being remitted to idleness and destitution, money fattens in the general disaster.

This report was made March 2, 1877. It was a commission that was appointed by a Republican President, and on which were a majority of Republicans.

It should be remembered that up to this time no Democratic majority had had a voice in shaping government since 1860, and yet this practically Republican commission says, "There are now in the United States three million persons willing to work, but who are idle because they cannot obtain employment." The importance of this statement lies in the fact that one meets men who now most positively declare that this country never had hard times until four years ago. No doubt these men are honest in their belief, but their memories should be cultivated before they make such positive declarations to men who have better memories, growing out of a sad experience.

CHAPTER III.

OPINIONS REGARDING THE CAUSE OF THE FALL IN PRICES.

In opening this chapter, I desire to call the attention of the reader to the fact that the tables, or Index Numbers, used in showing the fall in prices cover the leading nations of the earth, showing that there must be some great and wide-spread general cause. Further on the writer will quote the most popular schools of writers and authorities, giving their special reasons and opinions concerning the cause which, if applied, would bring about a rise or fall in prices.

One of the most prominent and popular opinions prevailing to-day is that the fall in prices was wholly due to the lack of a sufficiently high protective tariff. This was not only made the issue in the last Presidential election, but won the largest number of votes; and, furthermore, it was emphasized by the newly elected President, in calling an extra session of Congress for the sole purpose of passing a high protective tariff measure to raise prices and wages to that plane on which only, it was claimed, the country could prosper.

Under these circumstances, the writer feels that those advocating high tariff, for the purpose of raising prices, are entitled to the first place in having their views presented in these pages. In doing this I intend to quote the ablest champions on this question, and believing that President McKinley stands as the highest authority to-day upon the tariff, I will quote from his speeches, made on the floor of the House and in public.

In his speech before the Chautauqua Association, at Beatrice, Neb., August 2, 1892, Mr. McKinley said:

> Mr. Cleveland, I fear, has not consulted the markets since 1890. . . . The value of the report, the reading of which I commend to the gentlemen, will be seen when I state that it was made by the following senators: Aldrich, Allison, Hiscock, Jones, Harris, and Carlisle; and that the report is a unanimous one.
>
> This report has ascertained and stated the cost of food and clothing, fuel and lighting, house-furnishing, foods, drugs and chemicals, metals and implements, lumber and building material, for each month, commencing June, 1889, and ending Sept. 1, 1891. The result of the investigation, which has been most careful and absolutely non-partisan, shows the decline in the retail prices of two hundred and fourteen selected articles of comfort and necessity, to be 2.64 per cent. less by one method of computation, and 1.8 per cent. less by another, in 1891, than during any of the months preceding and covered by the investigation. The committee, in addition to the twenty-eight months noted, asked the Commissioner of Labor of the United States to ascertain the retail prices in three cities, — namely, Fall River, Mass., Chicago, Ill., and Dubuque, Iowa, — of the

two hundred and fourteen articles referred to. The result of his investigation shows a further decline in the cost of living, in May, 1892, as compared with September, 1891, of 2.1 per cent. This report also shows, in every part of it, a constant tendency to lower prices of the necessaries and comforts of life. This would seem to dispose of Mr. Cleveland's assertion that the tariff has increased prices to the consumer, and leaves his statement devoid of that essential element of strength, truth. . . . Yet Mr. Cleveland, in his recent speech in Rhode Island, said: "The consumer has found life harder since the passage of the new tariff law than before." This is not true. The consumer has not found life harder, for the commodities which enter into his daily life are, in a great majority of cases, lower than they were before the new tariff law went into effect. He has cheaper sugar, cheaper clothing, cheaper boots and shoes, and cheaper nails then before. A careful investigation of prices of woollen and cotton goods made in the city of New York, and embracing over two thousand quotations of articles, for a comparative period under the new and old tariffs (and this was made by an expert who has reported prices for forty years), shows that in about 98 per cent. of all these quotations and articles, there has been an actual decrease in price since the new tariff went into effect, as compared with the same prices of goods under the old tariff.

Carroll D. Wright, in his "Scientific Basis of Tariff Legislation," says:

The free-trader urges the adoption of free trade in America, in order that surplus products may be sold abroad; and claims at the same time that "there are scores of profitable industries that cannot now be carried on in this country, on account of the tariff, but which would spring into existence as soon as it was removed." On the other

hand, the equally intelligent protectionist says in substance, "There are scores of industries now carried on because the tariff does exist, that with its removal would be abandoned."

The above shows how completely authorities disagree as to the efficacy of free trade and tariff in producing prosperity and high prices.

I will now quote from a letter received by William B. Allison from James M. Swank, general manager of the American Iron and Steel Association, of Philadelphia, as follows:

The effect of protective duties in this country has been invaluable to reduce prices after the protected industries have been established; and there is no reason known to us why the manufacturer of tin-plate should prove to be an exception to this rule.

It must be remembered here that I am not arguing on the merits or demerits of tariff or free trade, or on their effects in encouraging industries. Both sides claim that their respective policies will do this, and both are also agreed that each of their systems will bring lower prices in the end. In acknowledging this, we may rest assured that neither will advance prices; and it is to this that all men in trade look with hopeful eyes as causing the return of prosperity.

What is needed in this nation to restore confidence is legislation which will stop the fall in prices; and it has been demonstrated that neither high nor low tariff will do it, for the country has given both a fair trial during the past thirty years.

The McKinley high-tariff bill was in full operation when the Wilson low-tariff bill was passed. No one can deny that values had a terrible tumble under the McKinley bill. We then went under the Wilson bill, and still values fell; and to-day we are under the Dingley high-tariff bill, and still values are falling.

Mr. McKinley proved, by taking two hundred and fourteen commodities as examples, that prices fell, under the operation of his bill. We know it fell, under the Wilson bill, and we are still suffering from the fall in prices under the new Dingley bill; hence we have the demonstrated fact that the cause of falling prices lies deeper than what tariff or free trade will reach or cure.

Having the acknowledgment of both free-trader and protectionist that prices fall under their systems, and also having seen it demonstrated during the past thirty years, and to the loss of the business interest of the country at large, I am now forced to look to the next largest party to ascertain what in their opinion will cause prices to advance.

This second school which we are to consider leads us to study the effect which a large or small volume of money has upon prices; and in considering this remedy for falling prices, we shall quote not only the authorities at the head of our institutions of learning in this country which teach political economy, but also those from all parts of the

globe. One striking fact in regard to this question of volume in currency as affecting the rise and fall of prices, is the unanimity of opinion of all authorities from Aristotle down. This one fact, it would seem, should entitle these authorities to our earnest and careful consideration.

In opening the case in regard to the cause of falling prices, we selected the greatest acknowledged authority in the land upon the subject of tariff, Mr. William McKinley. In introducing the subject of the volume of money to account for the same cause, I will quote from the writings of the late lamented Francis A. Walker, Ph. D., LL. D., president of the Massachusetts Institute of Technology. In his great work entitled "Political Economy," he writes as follows:

> Now, this is money function. Money is the medium of exchange. Whatever performs this function, does this work, is money, no matter what it is made of, and no matter how it came to be a medium at first, or why it continues to be such. So long as, in any community, there is an article which all producers take freely, and as a matter of course, in exchange for whatever they have to sell, instead of looking about at the time for the particular things they themselves wish to consume, that article is money, — be it white, yellow, or black, hard or soft, animal, vegetable, or mineral, in its composition.

The great forces lining up between the East and the West and South, for the great battle to be fought upon the question of money in 1900, are

of such a character as to entitle their opinion to consideration beyond that of most other agencies in accounting for the fall in prices.

We are not now dealing with the quality of money, of kinds of metals, of weight, or of fineness; we are dealing wholly with volume and its effect upon other things.

I will start out with the accepted belief of all, — that the more money the people issue, the more they will have to give of it for that which they buy. I think we all stand committed to this fact, — a fact attested by the experience of this country and of all others when issuing large volumes of money.

In order to put this beyond question, I will quote from John Stuart Mill, who said: "If the whole money in circulation was doubled, prices would double. If it was only increased one-fourth, prices would rise one-fourth, . . . every increase in quantity lowering its value, and every diminution raising it in a ratio exactly equivalent."

Touching this point, Ricardo says: "That commodities would rise and fall in price in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible. That such would be the case the most celebrated writers on political economy are agreed."

I fully agree with the above authorities that rise and fall in money, or cheap and dear money, affects all other values outside of money; and also that the cheaper the dollar, the more dollars we

shall be compelled to give for whatever we purchase, in exact ratio to the increase of them. But there is one fact overlooked by the man who thinks he has an argument which will frighten the people when going out to "shop," — namely, that somebody gets this double number of cheap dollars. Now, let us see who receives these cheap dollars. The cotton planter is receiving five cents per pound for his cotton in dear dollars; but in the era of cheap ones, the buyer pays him two dollars in place of one. So that the planter who was compelled in the one case to sell his crop for $500, would in the other receive $1,000. Everybody, whether rich or poor, will accept this fact. Now, the planter has a ten years' mortgage on which he pays Eastern and English bankers $250 interest per annum. With dear money, it took one-half his entire crop to pay this interest, leaving him only $250; but with the cheap money he sends the $250, deducted from his $1,000 of cheap money, which leaves him $750, instead of $250 under dear money.

The same principle holds good when applied to wheat, or to any commodity, or to labor. Double the number of dollars must be given to all classes by the money-class, if the dollars are one-half cheaper.

James G. Blaine once said: "You cannot add wealth to a nation by adding money. If you double the amount of currency, everything you buy

will cost you double in price." Mr. Blaine told the truth so far as he went; but he did not take the producing classes into his confidence, and whisper this truth in their ear, — that they alone get the double amount of dollars; that when you pay a man dollars for dollars received, you pay him dollar for dollar. No matter whether it is a so-called fifty-cent dollar, or whether it is a 300-cent dollar, the rich man gets but one, as he deals in dollars only; but the laborer gets two dollars for one, as the price of his wages double, measured by cheap or fifty-cent dollars.

This is the design of the system of expanding and contracting the currency; but those designing it never thought for an instant that the people would become informed upon this trick, which has been played upon the world for centuries. It worked well so long as the rich, after having put a blanket of debt upon the people, could contract the volume of money, cause thereby panic and fall of prices, and then scoop in the wealth created by the people. But to have the tables turned upon the rich by the people, who, having discovered the fraud of contracting the currency, in turn proceed to expand it, — this was a movement very unexpected on the part of the moneyed class.

To prevent this turn of affairs, all of Europe, led by England and backed by the moneyed aristocracy of this country, unite to prevent us adding another dollar of legal tender to our volume of

money, except in gold, without international permission. This same money power, having gotten possession of the people's property through the systems taught by the standard authorities of the world, now turn upon these authorities for instructing the people how, by reversing the present system, they can in time regain their lost possessions. This the rich do by dismissing teachers from high and honored positions in our institutions of learning. We have seen it done within the past few years, in instances where men of the profoundest knowledge and learning have been asked to resign for allowing their patriotism and love of humanity to rise higher than their love of ambition and gold. It is this power and bitterness of the moneyed class used against these good and true men which has opened the eyes of thousands to a suspicion that there is something evil in that system of money by which the rich, without detection, have transferred the nation's wealth to their own pockets; and once their suspicion is aroused, the people begin to study the subject with a view to discover how this evil may be removed.

The "silver movement" is an effort to increase the volume of our currency to raise prices, more than it is to use the American commodity of silver. Probably two-thirds of those in the silver ranks would have neither silver nor gold as money; but until the people can be enlightened upon the purposes for which money was designed, these ad-

vanced minds are compelled to keep back with the main army in order to be effective in numbers. There can be no advantage to the American people in using their silver for money when all the great authorities say paper money will do the same work. By so doing we could ship silver to Europe (and also gold) to people less enlightened on money, in exchange for tea and coffee, instead of sending our wheat and cotton; but by using gold for money, and not having one-hundredth part enough of it, we are constantly sending our bonds and securities to Europe to purchase and re-purchase, as it is always returning them. If we had a money of our own, as we had from 1860 to 1880, it would stay at home, and all the gold and silver we mined would be just so much wealth gained, while now it is just that much lost. Or, in other words, it would prevent a contraction of the nation's money, — the result of which, according to all great authorities, causes a fall in prices and a depression of trade. We could then have a fixed volume of currency, — so many dollars per capita, — and have fixed and steady prices, as the money would not be redemption money. It would be like our greenback money, say, from 1862 until 1869, not redeemable; and not, practically, even until 1879. If contraction is the cause of falling prices, and falling prices the cause of loss to merchants who are carrying goods (and all authorities agree upon this latter assertion), and also a loss

to the laboring classes by being in consequence thrown out of employment and forced to consume the little earnings they have saved, — thus being always kept down and held back, until at last they get discouraged and give up all ambition and hope, — if all these results flow from the contraction of the currency, then surely it is an evil which we should earnestly study to abate.

That there shall be no question in regard to the claim that contraction has taken place, to which is attributed the fall of prices, I now present the following table showing all moneys in circulation (exclusive of coin), as taken from the book of the Treasury Department on Sept. 1, 1865 :

United States Notes	$433,160,569.00
Fractional Currency	26,344,742.00
National Bank-notes	185,000,000.00
Compound Interest Legal-tender Notes	217,024,160.00
Temporary Loan Certificates (10-d-d)	107,148,713.00
Certificates of Indebtedness	85,093,000.00
Treasury Five Per Cent. Legal Tenders	32,536,991.00
Treasury Notes, Past Due, Legal Tenders and not presented	1,503,020.00
State Bank-notes	78,867,575.00
Three Years' Treasury Notes	830,000,000.00
	$1,996,678,770.00

The above table shows the amount of the nation's circulating medium in 1865 to be $1,996,678,770. The population of the country at that time was about thirty millions, which would give the nation a per capita circulation of $66.55. It must be remembered, however, that the war was brought to a close during the year 1865, and that

previous to that time there were nine States, with nine millions of population, out of the Union, — leaving only twenty-one millions, among which the $1,996,678,770 should be divided, which would give a circulation of $99.84 per capita to the people of the Northern States.

Many men belong to the income class, and, having no property or commodities on hand to shrink in value, they find it in their interest to advocate the contraction of our currency to its very smallest possible limit. These men usually try to represent the amount of the nation's currency as small as possible during the war, when prices were high, and as large as possible to-day, when prices are low. To accomplish this they claim that the 7-30 legal-tender notes were not money, but bonds; and as there were $830,000,000 of them issued, they can by so doing considerably reduce the per capita of circulation. But to mortify and humiliate them in this barefaced attempt to mislead those who have not the opportunity to study up the matter, it is only necessary to quote authorities, — one from a letter written by a president of a national bank, and also a member of the Forty-third Congress:

OFFICE OF FIRST NATIONAL BANK.
NEW JERSEY, August 12, 1878.

In compliance with your request of the 18th inst., that I would define the relative position of the 7-30 treasury notes to the general volume of currency in 1865, I have to say that

I was then daily in the habit of receiving and paying out the same in the conduct of my ordinary business, the same as greenbacks; and I esteem their peculiar characteristics (being conducive of elasticity) as not only forming a currency, but a currency of special merit.

AMOS CLARK.

Another standard authority writes: —

Sirs, — Your letter of the 15th inst. has been received. In answer I have to say that the 7-30 notes were intended, prepared, issued, and used as money.

Very respectfully yours,

F. E. SPINNER.

Secretary McCullough, in his report for December, 1865, included the seven-thirties in his settlement of $2,000,000,000 of outstanding currency. President Grant, in his message of Dec. 2, 1873, refers to them as being legal tenders, and held as reserves by the national bank. Under the law, the national bank must hold legal-tender money as their reserves.

The claim of the authorities previously quoted, asserting that increase of money in a nation will increase prices, is clearly substantiated in the foregoing table, showing as it does such a large volume of currency; and right here comes in a very significant and coinciding fact, which is that the table of the New York market price, for ten leading commodities, taken from the New York *Tribune's* market report for January, 1865, shows the highest prices for the past thirty years. Prices ruled

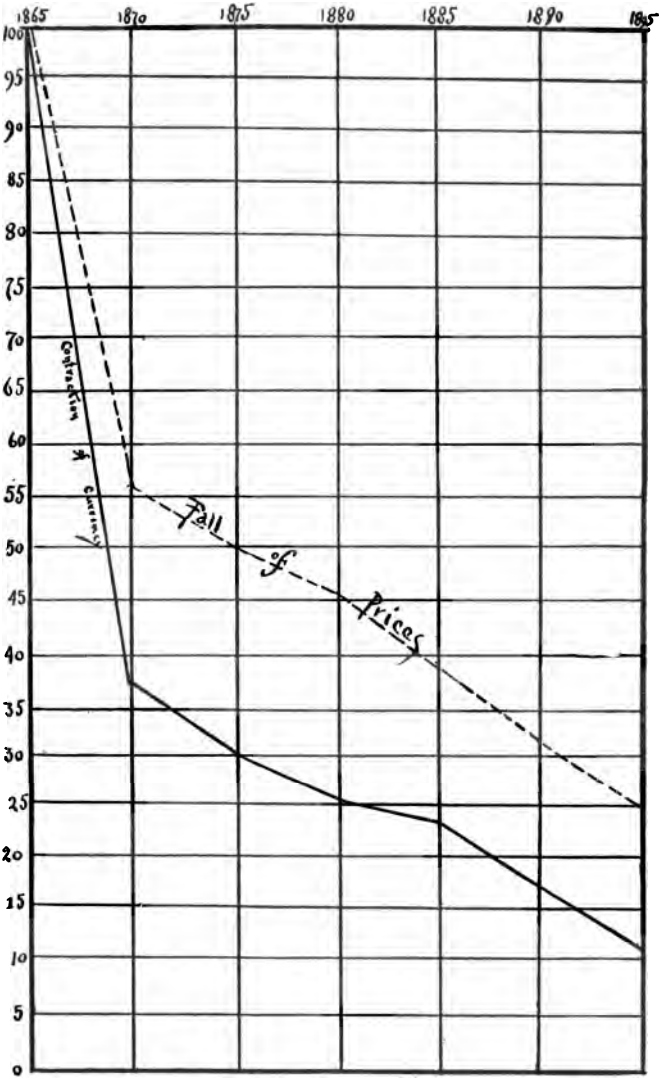
higher in the fall of 1864 than they did in the fall of 1865, and it was owing to the fact that all our currency was confined to the North until the fall of 1865, when it was circulated throughout the whole nation.

The full force of these facts and figures, however, cannot be demonstrated until I show the amount of the nation's circulating medium in 1873. The circulating medium of the country, exclusive of coin, Dec. 1, 1873, was as follows:

United States notes	$367,001,685
Fractional currency	48,000,000
Certificates of indebtedness bearing interest	678,000
National Bank currency	350,000,000
	$765,679,685

It will be seen by the above table that our volume of currency was diminished $1,230,999,085 during a period of eight years. This brings us up to 1874, lacking one month. Now let us examine the *Tribune* market reports for 1875, which are a little lower than those of 1874, as prices were gradually falling every year. Here it will be seen that, with that rapid contraction of the volume of money, prices fell in the same ratio.

NOTE. — The following chart shows the ratio existing between the volume of money in the country and the average prices of nine commodities taken from the New York *Tribune's* market report for thirty years, commencing with 1865. The nine commodities are, copper, wheat, cotton, beeves, dressed hogs, wool, lead, pig iron, and leather. The dotted line (. . . . .) shows the course of prices on the nine commodities, while the solid line (————) shows the increase or decrease of volume of money.


1865
1870
1875
1880
1885
1890
1895
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
Contraction of Currency
Fall of Prices

While the lines in the chart do not show a simultaneous conformity in change of prices of commodities to the change in volume of currency, it does show the effect a little later on. The fall in prices is never felt for a year or two after the withdrawal of currency. This is explained in the action of the mercantile community, which usually extends credits at such times, and uses mercantile papers, thus substituting bank credits for money. This can go on for awhile, until the banks become so inflated with credits that the large and strong banks call in their loans. Then panic ensues, as in 1873 and 1893, and the merchandise which has been bolstered up by the credit of banks is now let down to rest upon its natural base, — that is, the volume of actual money circulating.

It is often the case that merchandise, especially that of a perishable nature, during a panic sinks below the currency measure of it; in such cases it soon comes up to its line of level with currency. Practically it did not go below the ratio of the circulation and price line, as during panics money is locked up, and for awhile is artificially withdrawn from circulation. This is usually reflected in prices. It is no unusual thing to see money run up to fifty and seventy-five per cent. per annum during a panic. Surely, money is not circulating under such abnormal conditions, and cannot, at such times, measure prices any more than supply and demand; for no business man would buy cash

goods, no matter how low offered, if he had notes coming due which he could barely see his way clear to meet.

There is one very important fact, developed by the above table of prices, which I desire to impress upon the reader's mind, which is that gold does not rule or measure prices. There was not an advocate of specie payment, in 1875, in Congress, on the rostrum, or in the daily press, who did not most positively declare that, on Jan. 1, 1879, when the nation resumed specie payment, prices would strike "bed rock," and, like gold, would not vary in the least, so long as the government maintained specie payment, or "honored its promises to pay." The chart shows that prices slid down-hill over the period of 1879, as if the rails had been greased, and have not stopped to-day. Now, if down-hill prices could not be stopped at 1879, when the nation struck a gold basis, where is the man to-day who dares to wreck his reputation by asserting that we are now at the bottom of prices?

It will be noticed that the dotted line does not run quite as low on the chart as the line indicating contraction. This is accounted for on the same principle as that in which bank credits play a part for a time, — that is, as an artificial value. It will be noticed that the articles of copper, beeves, hogs, iron, and leather have been cornered by trusts, while up to the year 1895, at which my table closes, cotton, wheat, and wool were the only

articles the value of which rested with full weight upon the volume of money in circulation. When the greenbacks were issued, measuring these commodities, they rose so rapidly in conformity to the increased volume of money that there were no trusts controlling commodities, for none were needed, as prices were constantly advancing and making all the holders rich. Those were the days when "small" men owned the country, and it was not until the money had been destroyed and prices began to fall that "small" men were driven to the wall, and the large ones began centralizing capital and cornering the whole output of a commodity. This of course put an artificial price on such commodity, when it left the level of measurement it had formally occupied, and as prices kept falling. Almost every necessity in common use has one by one been fastened upon, and forced up to a paying level for the trust magnates. These commodities have not only been put upon an artificial market value, but the men who must purchase have been reduced in the prices of the products they sell the trust; and all labor has been laid off to stop output, and in their want the wage-earners have been compelled to submit to reductions in wages,— showing clearly that the trust is a disturbing agency in both the commercial and social body politic.

Since we hear so much to-day about gold and silver in use in commerce and trade, I desire to call attention to this vital fact, that, during all

these years, the silver dollar was considered a more honest money than the gold dollar. Gold and silver, during this period, became a commodity, and were bought and sold on the street as such. They were no longer a measure of value; for while a man was forced to go out on the street and pay $2.85 for a gold dollar, and $2.88 for a silver dollar, and with this he could only pay one dollar of debts, which he could do with a greenback, he had no further use for gold or silver, so far as commerce and trade was concerned.

Those who claim that higher prices constitute the only basis on which to build, in our anxiety for better times, claim also that higher prices can only be brought about by an increase in the volume of money, and not in the kind or quality of money. Probably nine-tenths of the so-called "free silver" advocates favor the free coinage of silver, knowing that it will double our volume of metal money, and, as a result, double the prices of all property and commodities, as did the increase in currency up to 1865.

To prove that rising prices bring prosperity, I now quote from Walker's "Money, Trade, and Industry," as follows:

> It is clear that an increase of the money supply may afford just the incentive to enterprise, and even to speculation, in the best sense of the word, — that is, the anticipation of the future, — which may be sufficient to break through the crust of custom, to cause men to undertake these costly

experiments, to encounter these initial risks and search out new channels for productive energy. And still bear in mind our assumption that if the new supplies are received evenly and not too rapidly, such, in greater or less degree, ascending to the temperament and the industrial genius of each people concerned, will almost certainly be the effect produced. . . . "Alterations, therefore, in the cost of the production of the precious metals," says Mr. Mill, "do not act upon the value of money, except just in proportion as they increase or diminish its quantity," which cannot be said of any other commodity.

That money can be increased, and raise prices, and start business, without the aid or use of metals as a basis, there seems to be no longer any question among the authorities on money. In regard to this, Walker, in the same book from which I have just quoted (page 198), says:

Can government, in fact, secure for its paper issues such currency, such free and general acceptance, that they will do the money work, and hence become the money thing?

On this point there can be no question. Governments have frequently issued paper money without adequate provisions for its redemption in gold or silver, — without such redemption, in fact, taking place, and sometimes without redemption being promised, — and yet that paper money has circulated as rapidly as gold and silver would have done, has been taken as freely in exchange for commodities and services, and even, in some instances, has maintained an actual value equal to that of the amount of the precious metals to which it was nominally equivalent.

Berkey, in his "The Money Question," says:

From an early period, then, money came to derive its power, as an agent to represent measure and exchange value, from public authority. Individuals and nations seek to exchange and accumulate property and commodities, and money is desirable only on account of the power with which it is clothed by public authority to command property or labor. It is not useful of itself, for it cannot be used as food, or clothing, or shelter. It must be parted with before any service or value can be obtained from it. In an accumulated form, as capital, it can bring no income until it is put to use, parted with. It is, therefore, the immaterial principle or power to represent value that is the essence of money; and this it can only derive from law. "Money is then," in the language of Kellogg, "a legal existence, being constituted a national representative of property; consequently, it is a public lien on all property for sale in the nation, a public medium for the exchange of products, and a tender in payments of debts."

That the American people have the right to increase or diminish their volume of money is beyond question; for who is there to question the American people's right to administer the affairs of their own nation?

That any question of honesty should arise in regard to the material on which the dollar is stamped, would seem to be unnecessary. If any question of advantage or disadvantage to conflicting interests should arise, it must be in regard to volume, and not over the material; for it is the volume which causes the rise and fall in the purchasing power of money, as is shown in the case of our own government issues during the war from

1861 until 1865, — prices advancing in ratio to the amount of currency issued, and afterward falling in exact proportion to the contraction of the same.

In order to make this clear, I will quote from "The Money Question," by Berkey:

> As money is a legal public medium of exchange, possessing representative value, it is not necessary that the material of which it is made should possess intrinsic or commercial value. To use again the language of the author last quoted [Kellogg], "the value of money perpetually depends upon its power to represent value, and not upon its material, because money never reaches a point at which it can be used as an article of actual value." The value of the material can add nothing to its power as money; it can only render its value more certain, — as when money is issued by a weak and irresponsible government, or by a nation possessing few or no products for which it can be exchanged. When issued by a stable and responsible government, whose people possess ample property and valuable products, its value corresponds to the value of the products of the country for which it can be exchanged.

Thus far I have shown what the authorities claim will result from an increase of currency, — that is, a general rise in prices; and this the advocates of a larger volume of currency desire, believing that the stimulus of advancing market prices will bring prosperous times.

CHAPTER IV.

MONEY, ITS USE AND ABUSE.

In treating the question of money, nearly all writers go back to the beginning of its history. They go into infinite detail as to its first appearance; as to the multitudinous kinds, forms, and designs of money which have been used by different nations at different periods of the world's history; as to the various kinds of material which have passed for money, — all this, until the reader has become tired out with the subject before entering upon that in which he is most interested; namely, to know the most practical material, for wear and convenience, the amount needed per capita, and the effect of a larger or smaller circulation upon commerce, trade, and labor, — in short, to know the essential nature and functions of money.

The day has gone by for the banker to assume that he not only knows all about money, but that he must be allowed to do all the talking regarding it. The practical business man of to-day can no longer be pushed aside, as not having the brains of a bank president or director. The business man of to-day is very different from the business

man of five hundred years ago. He has different environments; he is doing business in a made-over world; and to-day he asks, not, What was the money of the ancients? or, What is the money of other nations to-day? but, What is the best material for service, for convenience in handling, and the least expensive? Therefore, in discussing this question of money, I shall start from the most advanced thought regarding its usefulness in the special function of facilitating exchanges in commerce and trade as an instrument of association.

Civilization has attained that degree of advancement, through ages of growth, when man no longer depends upon keeping his valuables and money belted around his body, but trusts in society, law, and order to render him security in these possessions. The clear-headed man of to-day knows that when government can no longer protect him in this matter of money possession and money circulation, everything else he has in the world, for the protection of which he looks to his government, is surely lost. Therefore, it is the government to which we must look to-day for money, and through the ballot-box demand of it the best, the most convenient, and least expensive that can be devised.

In this age, then, of the scientific and the practical, the modern, driving-ahead business man will not allow his business to be hampered by any sentiment of old usage, or of any class interest.

He will wish that these considerations should not be mixed up with the money question of his nation. The new man, the true American, wants a dollar for service, for exchange, and not to bury in the ground, or with which merely to go around the world. That feeling may have deep root in foreign laborers, coming here to work for a few years, "to get ahead," and then return to their native land; having neither love for our country nor respect for our money. The money which Americans want is for practical use in effecting exchange in the channels of trade in which the great bulk of the people engage.

Considering the subject of money from the standpoint of service to the American people, and not to foreigners, the least expensive material, and that which is always obtainable and without limit, is the most desirable. Up to the year 1862, money in this country had been designed and used for money-lenders, to the detriment of traders and the people. But in 1861 a party of laymen (so far as the politicians were concerned) most unexpectedly got control of our government. They were honest men. As necessity is the mother of invention, and as necessity, bordering on desperation, called for larger sums of money than existed in the land, and as all money containing intrinsic value had been taken to Europe, the government, composed of these laymen, invented an entirely new money; a money which

has lasted until the present time, and is the best we have in circulation to-day.

The merits of this money are, first, it is in its material an inexpensive money; second, the American people have the use of it without charge; third, it is not only endorsed by seventy millions of our people, but the holders of it have as collateral security seventy billion dollars of unmovable wealth; fourth, being unlike gold, it is a non-exportable money, and the people can always know the amount in circulation; fifth, it is an elastic money in principle, not being dependent on a substance so limited in quantity that it can be cornered by money-lenders, and thus made to distress those having obligations coming due by extorting from them usurious rates of interest; sixth, it will be under the control of the American people, who can regulate the volume, and, by so doing, regulate the value of property and fix the price of commodities and labor in the interests of the people.

This is the kind of money which was designed for the American people by that "rail-splitter" President, Abraham Lincoln, and was issued direct to the American people in payment for the material and service rendered the government. It passed through no banker's hands to have six per cent. interest charged upon it before it could reach the people and facilitate exchanges in property and commodities.

This was the first "honest" money ever issued by our nation. It robbed no one; it enriched all. It was truly an American money, and in consonance with the spirit of our free institutions.

This kind of money would save a repetition of the humiliating and mortifying transaction which took place in secret, in the Executive Mansion of the nation, between the President of the United States and some foreign Jews, on the eighth day of February, 1895, — a transaction which enabled the American people to procure a little gold for money, and the nature of which will be understood by quoting part of the contract thereby made, which is as follows:

This agreement, entered into this eighth day of February, 1895, between the Secretary of the Treasury of the United States, of the first part, and Messrs. August Belmont & Co., of New York, on behalf of Messrs. N. M. Rothschilds & Sons, of London, Eng., and themselves; and Messrs. J. P. Morgan & Co., of New York, on behalf of Messrs. J. S. Morgan & Co., of London, and themselves, parties of the second part. Witnesseth: Whereas. . . . Now, therefore, do the said parties of the second part hereby agree to sell and deliver to the United States 3,500,000 ounces of standard gold coin of the United States, at the rate of $17.80441 per ounce, payable in United States four per cent. thirty-year coupon or registered bonds, said bonds to be dated Feb. 1, 1895, and payable at the pleasure of the United States after thirty years from date. . . . Second, should the Secretary of the Treasury desire to offer or sell any bonds of the United States on or before Oct. 1, 1895, he shall first offer the same to the parties of the second

part; but thereafter he shall be free from every such obligation to the parties of the second part. . . . Third, the Secretary of the Treasury hereby reserves the right, within ten days from the date hereof, in case he shall receive authority from Congress therefor, to substitute any bonds of the United States bearing three per cent. interest, of which the principal and interest shall be specifically payable in United States gold coin of the present weight and fineness, for the bonds herein alluded to; such three per cent. bonds to be accepted by the parties of the second part at par, i.e., at $18.60465 per ounce of standard gold. . . . Fifth, in consideration of the purchase of such coin the parties of the second part, and their associates hereunder, assume and will bear all the expenses inevitable to loss of bringing gold from Europe hereunder, and, as far as lies in their power, will exert all financial influence and will make all legitimate efforts to protect the Treasury of the United States against the withdrawals of gold, pending the complete performance of this contract.

In witness whereof, the parties hereto have hereunto set their hands in five parts, this eighth day of February, 1895.

J. G. CARLISLE, *Secretary of the Treasury.*
AUGUST BELMONT & Co., on behalf of Messrs. N. Rothschilds & Sons, London, and themselves.
J. P. MORGAN & Co., on behalf of Messrs. J. S. Morgan & Co., London, and themselves.

Attest: W. H. CURTIS.
FRANCIS LYNDE STETSON.

Yes, the United States bought $50,000,000 worth of cornered material on which to stamp her money. This fifty millions stayed in the country about three months. Thus, this country, by adopting a material so limited in supply that it could

easily be cornered, and by putting herself at the mercy of unscrupulous money-changers, was made to pay thirty years' interest on money of which her people had the use for but three months' time! By this one transaction it can be seen that there will be no limit to the amount of debt which the holders of this kind of money material can force upon this nation.

This money material bargained for in the White House was intended for foreigners. Probably not one American farmer, mechanic, or merchant will ever see or handle a dollar of it, but will be taxed for the fifty millions of material upon which the dollars were stamped, for the next thirty years, at the rate of four per cent. Thus it will be seen by any bright business man that, for the use of $50,000,000 of money material, for three months, the people of this nation will have paid $60,000,000; and this amount will be paid by the poor, as the bondholders are exempt from taxation. This is money designed by the rich, and is for the rich, — a money the people never handle. Had that material been the same which Abraham Lincoln used, the money made from it, instead of costing us to the tune of sixty millions in interest, would not have cost us anything, and it could have been used without interest until the end of time. Moreover, it would have stayed in this country, and kept up the prices of labor, property, and products, and kept business going, instead

of breaking down prices and business by its withdrawal.

Not one person in one thousand really comprehends the office of money. Most people think it was devised to lend, while the opposite is the truth. Instead of money being created to incur debts, its real office is to liquidate them. Any nation that increases its volume of currency, thereby diminishes its public and private debts; while any nation that contracts its currency thereby increases the same. One hundred years ago it was quite a common belief that "A national debt is a national blessing." Such control did the money-lenders have of the public mind, that a man was looked upon as a little queer who would not accept it.

To show that the money-lenders have the same shaping of the public mind to-day, in spite of our common school system, and in spite of an issue of papers, magazines, and periodicals sufficient to repaper the walls of every house daily, — all which educational facilities ought to make the people too intelligent to be so subservient to the money-power, — I will assume that this nation will have not less than two billions of circulating medium for the next twenty-five years.

Mr. Gage, who claims to be a banker by occupation, but is now Secretary of the United States Treasury, has placed a bill before the committee on currency to issue $930,000,000 to the banks. In order to get this sum of money, the banks

must collect from the people's pockets the money now outstanding and in circulation, as a currency free of interest, take it to the Treasury, and with it purchase $930,000,000 bonds, — say, at about three per cent. interest. Upon these bonds the government will then issue to the bankers $930,000,000, which the banks will own. These dollars the banks now lend to the people as a circulating medium, at six per cent. ; this would make nine per cent. Thus we should have paper money and paper bonds for which we should pay nine per cent. interest. Suppose the balance of the $2,000,000,000, which I am assuming to be in existence, should be gold, or gold and silver; this the government cannot get sufficient to use as material upon which to stamp the dollar, without paying a dollar for it. Thus the material used for the balance of the currency ($1,070,000,000) will require an investment equal to the amount of dollars of the currency. The interest upon this at five per cent. will be $53,500,000 per annum. The total interest on the $930,000,000 of bonds and currency, averaging nine per cent., would amount to $83,700,000, as will be seen by the following table:

3 per cent. on $930,000,000 Bonds . . .	$27,900,000
6 per cent. on $930,000,000 Currency . .	55,800,000
5 per cent. on $1,070,000,000 Material . .	53,500,000
Interest per annum	$137,200,000
25 years at $137,200,000 per annum . . .	$3,430,000,000

By the above, any business man can see at a glance what it will cost the American people to use the money of monarchies, and a money-lending class, instead of using the money originated by Abraham Lincoln and the early fathers of the Republican party. They were bitterly opposed by the money-lenders; but they were honest, and stood by the people's interests. There is only a remnant of this money left; but it is this money, however, which has served the American people for thirty-six years without a cent of cost for interest or material, which has aroused the bankers and Mr. Gage to use all the powers at their command to annihilate it. But Abraham Lincoln's name and his life's blood have not only made that money honest money, but have made it sacred to every lover of the old fathers of the Republican party, who had to fight the money-lenders on both sides of the Atlantic in order to get it issued. It is American money. It has been assailed by every opprobrious epithet which the banking fraternity could hurl against it, and, next to the Stars and Stripes, it has the admiration and love of all the truly loyal Americans in the land. And, right here, I wish to observe that to-day no better test of loyalty can be had than that which gives endorsement to the money issues by the fathers of the Republican party; and any man's loyalty to free institutions and the people's interests should be carefully looked after who

would assail the work that came from their hands.

This Abraham Lincoln money to which I have referred was not a visionary money, — a so-called "theoretical," "mythological," "soap-bubble" money. It was money which stood the heat of battle, suspension of banks, shaking of confidence, and the most treacherous and fiercest attacks from the money power; and yet, all through this crucial test, it stood one-half per cent. higher than that most boasted-of gold money, — a pirate's money, a slave-trader's money, an outlaw's money, every dollar of which in existence has the mark of Cain upon it. It has sold out the widow; it has robbed the orphan; it has taken bread from the hungry, and clothes from the shivering. It lusteth for the sensual. It steals home and farm alike. While it denounces the use of law in money, it uses law to effect its own insatiate greed. It imparts its own nature to the man who clutches it; and his soul, like his hands, contracts at its touch.

It was not so with Lincoln's money. That was hailed with delight by the sun-browned face of the honest farmer, as he took it loyally, patriotically, and gladly, in payment for forage sold to the government. The patriots in the army received it with round upon round of cheers, as the crisp bills were counted out to them. For the first time in their lives they had been paid in actual

paper money. This was their own money, just as much as the postage stamps or the war-ships or the capitol at Washington was theirs. They sent it to their homes, where it was eagerly sought by the storekeepers, who, too, expressed joy as they put it away in their money-drawers. The storekeepers took it to the bank; but here the scene changes. Scowls and black looks only greeted it by the money-changers. But the law said, "Take it, and surrender your mortgage on this man's property;" and the banker was compelled to obey. It lighted the fire in the furnaces, and the idle men went to work; the factory gates were swung wide open, and the thin faces of the hungry operatives brightened up. No more hard times; no more low and constantly falling prices. The food from the field of the farmer soon reached the hungry workers of the mills; and, in return, the fabric of the mill soon found a market on the farm. It turned gloom and despondency into cheer and hope. Young men and maidens, adorned in their new bright clothes, earned through the life-giving influence to trade by this new money, mated and made happy homes, which in turn called upon the woodman for lumber for buildings and furniture; and thus its power spread until the whole nation became a busy hive. Advertisements for workmen appeared everywhere, and wages were advanced all along the line. Mills had orders for a year ahead. Shipyards were pushed night and day.

Market-houses and stores alike were constantly clamoring for stock, and the old familiar complaint of "overproduction" was silenced by a complaint of under-supply; the "want of confidence" cry by the bankers, to start trade, was drowned out by the cry for goods coming from the people with pockets full of Uncle Abraham's money.

A great change had now come over the nation. The workers in field and factory, by Uncle Abraham's money, had had purchasing power imparted to their labor, the farmer to his products, and the manufacturer to his goods. The people were on top in legislation, and the cry went out at the polls, from the masses, for the dearest labor, the best wheat, and the finest beef; and the only complaint came from those who would not work, and whose occupation of issuing money had been taken away by Uncle Abe. From these came the wail of distress, and the cry for the old money, — gold money, dear money; and for its concomitant, cheap labor and cheap wheat, low-priced beef and cheap goods. As long as Uncle Abe lived, the prices of everything the common people owned went up on their hands. They grew richer and richer; merchants and business men could retire in early life, and hand their business over to their children. The working people built themselves new and elegant houses, filled them with comfortable and luxurious furniture; they bought stock in the mills in which they worked, and began to

have a voice in their management. Longer summer vacations and shorter work-hours became the order of the day, and from one end of the land to the other there was joy and happiness; and, although there was war in the South, there was peace and plenty everywhere else where Uncle Abe's money went.

In this heyday of universal prosperity an unexpected blow fell on the common people. The whole land was draped in mourning; but while the people felt the terrible blow in the loss of their great benefactor, who had given them their own money, and restored the Union, and freed four millions of slaves, they did not know of the terrible future which awaited them.

Little did they dream that in less than thirty years those who would not work, — those who were complaining of hard times in good times; those who wanted the old money, gold money, dear money; who wanted cheap labor and cheap wheat, low-priced beef and cheap goods, — that the non-producing money-lenders would get into power, destroy Uncle Abe's money, demand gold money, dear money, cheap labor and cheap cotton and cheap wheat, and that the happy and unsuspicious working people of that day would be reduced to the verge of starvation, thrown out of employment, and the land filled with marching armies of hungry men unemployed. All this has come to pass, and in the face of all this suffering, at every election,

the old cry goes up for gold, for banks, for bonds; and those men who do not work, and never have labored, have, under the reign of gold money, become worth hundreds upon hundreds of millions of dollars, and have accumulated this during the same years in which the working people have lost their homes, their farms, and their opportunity to labor.

This is the lesson and the experience which the American people have had to pass through before they could be made to understand the importance of becoming informed upon the subject of finance and banking, and of learning the secret which the money power uses to get possession of the labor and products of the masses. It is done by controlling the material on which the money is stamped. When the money power of a nation gets control of the government, they can, by dictating the material on which the dollar is stamped, control the volume of dollars by selecting that material which, because of its scarcity, is impossible to be obtained in sufficient volume to make the necessary exchanges, — thus forcing the people to use credit money, furnished by the banker, and upon which they must pay interest.

It may be well right here to show what this money is to which I have referred.

Probably there is not a business man living, who did business in 1862, who does not remember the great change which then came over the country,

in business activity, in rise in values, and in the great demand for labor; but probably not one in a thousand, who has not made finance a study, even mistrusted that this change was brought about by financial legislation and not by war. Even many of those who do now know that financial legislation was the agency which brought about this great change in 1862, would jeopardize their popularity with the rich by trying to show the benefits that would come to the producing class should they use the power they have at the ballot-box once again to devise a dollar and to secure financial legislation which would promote the real interests of the people, — just as the bankers have always done in behalf of their own interests, since banking and money came into existence.

This movement throughout the country to-day, having for its purpose to take the legislation concerning the dollar of the United States out of the hands of the bankers and restore it to the people, instead of allowing irresponsible Conventions and Bank Associations to meet and get the President to mention their plans in his messages, is as important a movement as the Abolition movement was, and a thousand times farther reaching, because it is something which concerns the whole people alike, North, South, East, and West. It is no more the banker's business, as a banker, to decide what kind of a dollar the American people shall adopt than it is the business of the painters of the

United States to regulate the color to be used in painting our houses. After the American people have decided at the ballot-box what kind of a dollar they will have, and the number of such dollars they will have issued per capita, it is then the banker's privilege to do a banking business with these dollars. If he objects to the kind of dollar the people have fixed upon, it is his privilege to go out of the banking business. So far as brazen-faced assumption has been exhibited by any class of trade or business, the bankers have exceeded them all in their attempt to dictate the kind of a dollar which the American people shall use. In England, and in monarchical countries generally, the bankers have been indulged in such privilege; but they make the mistake of their lives in demanding that privilege from this republic. It must be acknowledged that even in this country, in a more or less covert way, they have always interfered in the matter of the people's money, but never before have they been so emboldened as to dictate the kind of a dollar which the American people shall use.

It is to oppose this last attempt at dictating the banker's dollar, that this present uprising of the people has taken place, — a movement which is as sure to end in the people's favor as did the revolution of seventeen hundred and seventy-six.

CHAPTER V.

OUR MONEY A BANKER'S MONEY.

It may be well here to show how the moneyed aristocracy confiscate the labor and commodities of the producing classes without returning any equivalent.

It is done through the dollar, and in four different ways:

First, by inducing the people to purchase a commodity which costs a thousand times more than is necessary for the material out of which the dollar is made. Second, by selecting that kind of material which, because of its scarcity, makes it impossible to furnish sufficient currency for the needs of trade. Third, by creating private institutions to furnish the amount needed to do the business, and charging the people six or ten per cent. for its use. Fourth, by limiting all cash transactions to about three per cent., by limiting the volume of money, — leaving about ninety-seven per cent. to be done on some substitute for money, but upon which interest is paid.

As to the first of these methods, — that concerning the material used in the dollar, — it is very plain that the gold in a dollar costs thou-

sands of times more than paper would cost. No one can dispute this fact. The people have been forced under circumstances over which they have no control to use paper dollars most of their life, and to-day Secretary Gage is recommending the issue of $930,000,000 of paper dollars for the bankers. Now, this money is intended for the people's use; that is, by their paying for it. But if Mr. Gage can make money out of paper for the banks which is good enough for the people's use, it goes without saying that paper will make good money for the people without the banks. Therefore, all the money taxed out of the people's pockets for the purpose of buying gold, to coin into dollars for our currency, is an unnecessary tax, and hence a robbery.

The second and third of these methods I will treat under one head.

In having our money made from a material the insufficiency of which causes the use of credit-money, and for which the people pay interest, is a cleverly devised trick by which labor and products are taken from the people and for which they receive no equivalent. The reason the government coins so little gold is that it cannot get more to coin. Now, had the government stamped paper instead of gold, it could have had sufficient for its entire currency without providing private money stamped on paper, thus forcing the people to pay for the use of it; and instead of taking the

profit derived from it and using it for government expenses, the government allows the banker to put it in his pocket. If the clerks in the postal money-order department did the same thing, — that is, put the percentage paid for the use of government money in their pockets, they would be sent to State's Prison.

In exposing the outrage involved in the fourth method, by which currency has been kept so limited in the interest of the money-lending classes that only three per cent. of all our business is done on a cash basis, I have already shown how we could have all the currency the people saw fit to fix upon for our business needs, and will only here say that if the same material were used which the government uses for the banks, the currency could gradually be increased until ninety-seven per cent. of the business should be done for cash, and only three per cent. done on credit. As to the effects of this change upon the people, — upon the great producing and distributing classes, — I will say that they would be able to keep all they produced, and enjoy the full fruits of their own labor.

In order to show clearly how the people get nothing back for interest money paid to the money-lenders, I will prove that all interest is paid upon that which it would cost the people barely nothing to supply.

We use millions upon millions of dollars' worth

of postage stamps. Suppose the government should limit the issue of these to only one-tenth the volume needed, and then charter a company for the purpose of supplying a substitute stamp, "receivable by the government," requiring that this substitute stamp should be procurable by the people by paying six per cent. commission to this company for it. If this seems to my reader a queer supposition, let me whisper in his ear the additional suggestion that a majority of the members in Congress might be stockholders in the company to which these six per cent. commission substitute stamps were sold, and then he may be assisted in accounting for the *queerness* of the supposition! For there is no more excuse for issuing a certain part of our nation's currency in six per cent. substitute corporation money than there would be in the stamp scheme which I have supposed; and all the money issued in this manner is only a trick whereby to confiscate the earnings of the masses. It is estimated by different authorities that the annual sum taken from the producing classes through our present financial system, with its limited supply of currency, amounts to the enormous total of $2,000,000,000.

I have shown how the people could be robbed by a postage-stamp scheme; let me now show how it could be done with the water we drink.

It is a fact that there is water enough for all in the land. Now, suppose that Congress should

lease this water of the nation to a National Water Company at a nominal sum, say enough to pay for the lease and for drawing it up. Suppose, also, that in order to protect this company the government should levy an internal revenue tax of ten cents per quart upon any water not bought of this National Water Company. Would not the people be out of pocket by every dollar they paid for water, — the water which already belonged to them, but which, for some reason unknown to them, had by the government been leased to a private company? Yet this is precisely what the legislators in Congress have done with our money. It was once the people's; issued direct to the people. It was paper money. It was in common use by, and free of cost to, the people. Congress took this money from the people, and farmed it out to a private national bank company, charging the company nothing for the use of it, but taxing all other companies ten per cent. upon their issues in order to suppress all competition. It is very clear, then, that if the people once had this amount of money in use without charge, and it was afterwards farmed out, and the people charged for its use, such a transaction was equivalent to just so much transfer of products to the rich without giving to the people any equivalent whatever in return.

But capturing Congress and getting the people's money away from them was not the worst of

the crime committed by the money-lenders. After once acquiring in this way the control of the people, they began to conspire to squeeze them in every way for a profit. I will not stop to go into a detailed account of the different schemes employed by the money-lenders since the government turned the people's money over to them, but will be content to give only one instance, in order to illustrate the matter.

On Feb. 21, 1893, twelve of the largest National Banks in New York City conspired to spring a panic on the country. They invited all the financial institutions of the city to join them; and on May 1st the panic came. It was brought about by these Banks refusing any discounts for the month of May, and, furthermore, by calling in all outstanding call loans. It is needless to describe at length the widespread disaster following this panic caused by the conspiracy of these Banks.[1] Suffice it to say that not only were six hundred financial institutions wrecked in four months' time, but that nearly all the industrial institutions in the country closed, while the leading staples of the country, — cotton, wheat, corn, beef, etc., — fell fifty per cent. during the year, carrying ruin and disaster into thousands of families throughout the

[1] The history of the conspiracy entered into by these Banks, for the purpose of springing the panic of 1893 upon the country, was written by J. W. Shuckers, private secretary to Salmon P. Chase during the late war.

land.[1] Moreover, by means of this panic brought on the country in 1893, the money-lenders were able to extort usurious rates of interest, and to force sales of all property which they had in their power. This break-down in the prices of fifty per cent. on products, in four months' time, was a transference of property from the hands of the poor to the hands of the rich, "through the dollar." Had the people been permitted to retain the national money in circulation, which would have prevented the banks from controlling it, that loss to the producers of the land of a fifty per cent. fall in their products could not have taken place. With a few exceptions, — such as wheat, which on a short world's crop advanced, — this fall of prices has become permanent.

This great loss to the producers of the country, resulting from the contraction both of the currency and credits of the nation, should be charged home to the Old World's iniquitous bank system, — a system which was imported during our early colonial days, and which, like all other British systems, was designed for the purpose of confiscating the products and labor of the toilers. Could the fathers of the Republic have overthrown the slave system and the financial system at the same time they overthrew the governmental system of England in our land, there would be no estimating the

[1] The object these Banks had was to force a "slow" Senate to act, as I will show further on by quoting Bank papers.

blood and treasure and human suffering from which the American people would have been saved.

Having shown the four methods by which the present monetary system of our country, unwisely borrowed from the Old World, has oppressed and despoiled the people, I will further on produce some of the acts creating money, as well as some of the speeches of loyal men who sustained the money of Lincoln, — a money independent of the redemption principle, which was designed to rob producers and toilers of the fruits of their labor.

In treating of the nature of that money which was first issued by Lincoln and his party, I will quote from the opening paragraph of "Spaulding's Financial History of the War," in order to show that some kind of money had at that time to be devised, or the cause of the Union would have been lost. It says:

> The United States, at the breaking out of the rebellion, had no national bank currency, and no gold or available means in the Treasury or Sub-Treasury, to carry on the war for the Union; and consequently the means to prosecute the war had to be obtained upon the credit of the government and by taxation. The fundable legal tender was the most available form of credit which the government could use in crushing the rebellion. It was at once a loan to the government without interest, and a national currency, which was so much needed for disbursement in small sums during the pressing exigencies of war. It was indispensably necessary, and a most powerful instrumentality in saving the government and maintaining the national unity.

All the gold and silver had fled the country. This being the basis upon which the State-bank issues rested, the country was also deprived of the State-bank bills, which were shaky, even in the best of times. Every one was waiting for money, — money with which goods could be bought and debts could be paid, — and all eyes were patiently fixed upon Congress for help. There were a few wise and patriotic men who were doing the best they knew in getting a money as a substitute for gold and silver. This they had to do, for gold and silver had deserted the cause of freedom at the first gun fired at Sumter. Hon. E. G. Spaulding, chairman of the Committee of Ways and Means, was a loyal man. He was a banker, and could see money and its use only as a banker sees it, hence in his history, from which we have quoted, he expresses his ideas regarding government money "as a loan to the government without interest, and a national currency." How a dollar issued to a citizen and made a legal tender in payment for service or material, — the citizen, in turn, buying stamps with the same dollar, or paying his government taxes with it, — could be called "a loan-money" is only clear to bankers; but it shows how hard it is for men educated in old schools of thought to see new ideas.

Ericsson was turned down with his monitor model until he got his idea before a "hayseed," — that man whom the people affectionately call

"honest Old Abe," — who, when he saw it, said it was a good idea; then naval authorities took it up, since which time it has revolutionized the architecture of the navies of the world. So with money. Those who look upon it as something to hoard, to store away as wealth, to receive as interest on dollars loaned, who have nothing to sell except money, and who, of course, wish to buy cheap everything they need, — such men want a dear dollar, a dollar which shall compel men not dealing in money to sell everything cheap and buy everything dear. Such men did not favor the creation by the government of a people's money, a money which should circulate freely among the people, as currency. They wanted a *hard* dollar, as hard as their own selfish hearts; and they therefore looked coldly upon the proposed legal-tender "greenback." But "honest Old Abe" saw that it was a good thing, — that it would save the country from destruction and the people from financial distress; and the result completely vindicated his judgment.

From this it may be seen that there are two sides to look at in making a government dollar. There is something superior to scholastic finance; and this is *equity* in the dollar. A dollar created in such a manner or under such a law as to force interest to be paid by one class to another unnecessarily is robbery. Now there are two ways to effect this robbery. One is first to pass a law that all debts must be paid in money, then to find

the scarcest thing on earth of which to make that money, so that only one-tenth of what is required can be supplied: thus the man buying on credit will be forced to sell an unjust proportion of what he has produced, to get this scarce dollar, or will be compelled to hire it at an unjust rate of interest. The other way is to issue a certain volume of dollars, measuring the values of things outside the dollar; then to put out loans, and afterward make these dollars scarce by either demonetizing part of them or refunding ("converting") them into bonds. This process will cause the price of everything else that is in the people's hands to fall, so that the banker, or credit class, will get an overamount from the people when paying their debts.

If ever a golden opportunity was offered this nation to make itself great, it was in 1861, at the beginning of the Civil War, — to emancipate chattel slavery, and by a new financial system to emancipate the masses from a Bank-dollar slavery. At that time, however, but little was known about money and its effect upon labor, products, and property. The most known was from a few well-posted bankers, and a few books by foreign writers upon the subject; therefore, it would not now be just to judge harshly the men that devised the dollar of that time in the interest of the rich people instead of the whole people. The first issues of paper money made in our country, and known

as "Demand Notes," were issued in the interest of the whole people, and were made legal tender for paying all debts alike, whether to the rich man or the poor man; but soon the bankers were summoned in counsel, and the first thing recommended by them was that the government should pay the poor people in a paper money, and the rich in gold. The bankers then advised creating paper bonds bearing interest, into which the paper dollars might be converted.

The reader will here notice the new principle introduced into our money system. It had been necessary under gold and silver money to use a substitute, as there was not gold and silver money enough in the world to do the business of the world; so resort was had to paper money, redeemable in gold. But this paper money was not money; it was an auxiliary paper scrip only, — a promise to pay money, and upon which interest was charged. All this paper money drew interest from labor. It was then proposed by Lincoln to issue a *real* paper dollar, which should take the place of a metal dollar, and not draw interest from labor. But here the bankers came in, and took a hand in shaping financial legislation, which should enable their class to draw interest upon paper dollars belonging to the people. To accomplish this the new principle of *convertibility*, to which I have just referred, was invented to take the place of redeemability. By resorting to this scheme the

paper dollar, which it was impossible to avoid issuing, was to be limited in volume, in order to prevent the rise in wages and products, and also to force the government to buy back its own money, to be used over and over again.

In order to get this money the government issued a bond, drawing interest, into which this paper money might be *converted;* so that while the banker did not draw interest direct from the dollar, he manipulated it in its issue so that he received interest upon the bond. Not satisfied with this, he induced the government to allow him to deposit this bond as security, — still, however, drawing interest upon it, — and then receive an issue of money free, which he could lend to the people.

To show the hollowness of the bankers, in their pretence that the government was not safe in issuing paper money direct to the people, which the bankers knew would be without interest, they at once demanded that the government issue paper bonds and paper money to them, redeemable in the very same paper money they had just pronounced unsafe! This quieted them for awhile upon the safety of paper as compared with coin.

It was interest money they were working for at that time, not an "honest dollar." They saw that to allow the American people to issue their own money would be to emancipate the producing and working classes from the moneyed institutions

of the North, as effectively as the war promised to emancipate the slaves from the slaveholders of the South. This would not do; it was too much emancipation going on in the world at one time for those using labor; therefore they rushed in upon the new party of emancipation, and took control of the financial legislation of the country.

The Northern working-men, knowing the slaves could not read or write, knew they were helpless in their enslavement; but these same Northern working-men did not know that all the time they were in the ranks, fighting for the freedom of the slaves in the South, there was another class of men, — not Southern slaveholders, but Northern would-be bondholders, — in Congress, working for laws which would as effectively take the products from the Northern freemen as ever slavery had taken freedom from the Southern negroes.

The people know and feel that something is terribly wrong. They see poverty and want upon all classes — save one; and this one class, by means of laws favoring them alone, are rapidly piling up excessive riches. Since this class deals in money only, and since they invest in bonds upon all industry and enterprise, always taking profit (interest) whether they earn it or not (and the harder the times, the more completely money controls the situation), there has been a suspicion that money might be so manipulated that the enterprising, energetic, and progressive business man

and manufacturer, as well as the working-man, may fall a victim to the wiles of a powerful money class; and it is to these victims of plutocratic rapacity that I desire to submit some interesting manipulations of our money, which took place some thirty-five or thirty-six years ago, when all the rest of the country was intent upon saving the nation, and striking the shackles from the limbs of the enslaved. I shall endeavor to show how fiercely the "Copperheads" and bankers fought to defeat the vital principle in the *reform* dollar created in the interest of the people.

The whole struggle was over the legal-tender clause. To clothe any form of money made out of other than gold and silver with a legal-tender power was then being considered. In opposing this legal-tender clause, Vallandigham, of Ohio, said: "He objected to their being called 'United States Notes,' instead of 'Treasury Notes,' as they had always been called, and deprecated the idea that they were likely to be a permanent currency, or at least until the Secretary's grand fiscal machine, 'his magnificent National Paper Mill, founded upon the very stock provided for in this bill, can be put into operation.' He insisted that these notes were not money; that they would not circulate as currency, would not be taken as legal tenders, in discharge of judgments and contracts and State debts, or private debts, though you send them forth bearing ten times the image and super-

scription, — that fair face and form of Abraham Lincoln, now President and Czar of the American Republic." Vallandigham was a "Copperhead," and tried to cripple the government by depriving it of means to crush the rebellion.

Mr. Roscoe Conkling, whom the New York bank papers extolled to the sky, joined such as Vallandigham in fighting this legal-tender clause in the bill creating the new dollar. He said: "Every agent, attorney, treasurer, trustee, guardian, executor, administrator, consignee, commission merchant, and every debtor of a fiduciary character who has received for others money, hard money, worth one hundred cents on the dollar, will forever release himself from liability by buying up for that knavish purpose, at its depreciated value, the spurious currency which we have put afloat. Everybody will do it, except those who are more honest than the American Congress advises them to be. Think of Savings Banks entrusted with enormous aggregates of the pittances of the poor, the hungry, the homeless, the stranger, the needlewoman, the widow and orphan, and we arranging for a robbery of ten, if not of fifty, per cent. of the entire amount!"

The above is a sample of the harangues made in the interest of a banking class, while our country was in the death-throes of a gigantic rebellion. Picture to your minds the "enormous aggregates" of "the pittances of the poor, the hungry, the

homeless, the stranger, the needlewoman, the widow and orphan" deposited in the banks! What sympathy these men had for such can be shown by the fact that when the loyal and honest men in Congress wanted to pay the soldiers and sailors in gold, which had been voted to the money-lenders and the bankers, the tears of these sympathizers dried up, and they voted against it. They voted to pay the millionaire in gold, but to pay the soldier and sailor in as low as thirty-eight-cent paper dollars; and any motion that has since been made to make good this robbery of the soldier and sailor has been met by a solid front of the bank representatives in Congress, — men who make such a plea for paying the "hungry" and the "homeless" in honest money! What rank hollowness and heartlessness in pretence of honesty and humanity in their endeavor to save a moneyed aristocracy! Compare with this cant and hypocrisy the patriotic and stirring sentiments of those fearless men who fought for the legal-tender clause, who believed in one money for all, rich and poor alike, and that it was time that exceptions in favor of a moneyed aristocracy should stop. I now quote from Mr. Kellogg, of Ohio, who said:

Mr. Chairman, I am pained when I sit in my place in the House and hear members talk about the sacredness of capital; that the interest of money must not be touched. Yes,

sir, they will vote six hundred thousand of the flower of the American youths for the army, to be sacrificed, without a blush; but the great interest of capital, of currency, must not be touched. We have summoned the youths; they have come. I would summon the capital; and if it does not come voluntarily, before this Republic shall go down, or one star be lost, I would take every cent from the treasury of the States, from the treasury of the capitalists, from the treasury of individuals, and press it into the use of the government.

Mr. Blake, of Ohio, said: "We are not legislating for the money-shavers, who oppose the bill, but for the people, the soldiers, and the laboring classes."

Mr. Spaulding said: "For myself, I prefer to issue the demand notes based on adequate taxation, and with the highest legal-tender sanction that can be given them by the government, placing the soldiers and capitalists all on the same footing in regard to their notes."

In one of his speeches, Thaddeus Stevens, of Pennsylvania, said: "Sir, I wish no injury to any, nor with our bill could any happen; but if any must lose, let it not be the soldier, the mechanic, the laborer, or the farmer."

Thus it will be seen that all those advocating the bill for this new form of dollar — a dollar for, of, and by the people, the whole people — were not only in favor of making soldiers and sailors, but the farmer and laborer, the equal of the money-lending class; for they knew that the sol-

diers and working classes, through their necessities, would be compelled to take any dollar that might be issued; and there was love of justice enough in the souls of those men who were on the side of the Union, and for the freedom of the slave, to cause them to resent the injustice of discriminating against the weak and in favor of the strong. In the fight for the creation of this new dollar, — a dollar issued direct to the American people, without having them buncoed out of six per cent. by first giving it to the banks free, — no man stood more firm and determined than did Thaddeus Stevens. Mr. Stevens wanted an "honest" dollar, one that banker as well as farmer should be compelled to take.

The American people are greatly deceived in regard to "specie payments" and "resumption." About election time we hear men discussing finance, and declaring that "they want a dollar that is a dollar;" that "they want every dollar as good as a gold dollar;" that when they have a paper dollar in their hands "they want to know that they can go to the bank, or the government, and get a gold dollar for it." Do not these men know that they *cannot go to any bank, or the government, and compel them to give gold for a dollar, or for ten, twenty, thirty, or forty dollars?* Do they not know that after about twenty years of "resumption" it has been proven that such "resumption" is not for the poor, but the rich? The

government could not maintain "resumption," even in both gold and silver, for a week if it dared to redeem in sums earned weekly by the working class. The man who concocted the Resumption Act for specie payments did it, not that the farmers or the working people might have "honest" money, but paper money, — money like that $930,000,000 which Mr. Gage is now trying to get through Congress. Had the framers of the Act intended that the people should have gold, they would have had sub-treasuries in every city from Maine to California, from Oregon to Texas, and would have made the amount to be redeemed less than $50. Instead of this, however, the only spot[1] in the United States where fifty or more dollars can be "redeemed" is Wall Street, New York City! But neither the farmers nor the working people of this nation live in Wall Street or New York City. No, my deluded fellow citizens, resumption was not for you, but for Wall Street bankers and brokers. I will quote you that part of the Resumption Act referring

[1] The Resumption Act of 1875, making New York the only place of redemption, held in force until the Act of March 3, 1887, by which Act the Assistant Treasurer of San Francisco was empowered to redeem notes in coin. These were the only places until 1890 when an Act was passed giving the Secretary of the Treasury the discretionary power to redeem notes in coin through the nine assistant secretaries in the following cities: New York, Boston, Baltimore, Cincinnati, Chicago, St. Louis, New Orleans, San Francisco, and Philadelphia.

to the redemption of paper money. It is as follows:

> And on and after the first day of January, A. D. 1879, the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States, in the city of New York, in sums not less than $50.

Yes, I repeat, that had that Act read that every National Bank in the Union would, on the first day of January, 1879, redeem all outstanding notes of every denomination, without restriction, the government would have had to suspend specie payments in less than two weeks. Why, under the present law, in this one place (the city of New York), the government has been called upon to redeem as high as $15,000,000 in one day; and at times the gold reserve has run down to as low as $50,000,000; and, in order to keep the reserve up to the $100,000,000 point, the government has been compelled to buy as high as $262,000,000 of gold in less than two years' time. This shows, conclusively, how utterly impossible it would be for the government to attempt to redeem in small amounts, in every part of the nation, to all who desire gold, — which in justice it should do, and thus place all, the rich and the poor, on the same footing.

The bankers and bullionists understand this; hence it is that they are so anxious to adopt some

"currency reform" legislation, to prevent the people from getting the gold from this one place only. To stop the people from "working this endless chain," as the gold men call it, they have concocted the plan which Secretary Gage has before Congress, and which President McKinley has endorsed in his message to Congress. This plan proposes to call in $930,000,000 of different kinds of money, and then issue non-taxable, long-term bonds, interest and principal to be payable in gold, and upon these issue *to bankers only* a non-legal-tender paper currency. This would most effectively cut the people off from getting gold, and would compel the American people to pay nine per cent. to get the use of a circulating medium which they were already supplied with before the Gage scheme was proposed. This barefaced scheme has been advocated by all the bank papers throughout the length and breadth of the land; and because the Senate cannot be prevailed upon to approve this colossal fraud and robbery of the American people, these same bank papers denounce it in unmeasured tones.

To show more clearly the glaring injustice which this proposed scheme would work to merchants and manufacturers, especially in such a depressed state of business as the country is suffering from at the present time, when mill-men and merchants cannot get a "new dollar back for an old one," it is only necessary to state that if

these mills should take a million of dollars of these same bonds to the government as security, and ask for their face value in money, without interest, in order to help them start up their mills and put the hundreds of thousands of suffering unemployed to work, they would be politely informed that the government is not in the banking business, — though at the same time it would be very evident that the bankers are in the *government* business.

Let me emphasize this "Bucket Shop" scheme by an illustration. Suppose the law read that cotton mills in the Southern States only should have this privilege to deposit bonds and continue to draw interest upon them, and receive their full face in money free of interest, simply because the South had a majority in Congress, and a Southern man for President; who would countenance such a monstrous discrimination! Would not such colossal injustice be apparent to every one? Yet why would it be more unjust than the proposed scheme, which would allow any one who held bonds to get this money free, and cause all those outside of bondholders to be taxed for interest on that from which they would receive no benefit, and which would put them to a disadvantage in competition?

No! we do not want such systems in a Republic. Let monarchies, where such banking schemes were hatched, hold a monopoly on them.

That the business men of the country may know the importance of using their influence and vote for a volume of money sufficiently large to transact the business of the nation (the same to be gradually increased, to keep up with the increase of population and extended trade), and to maintain a fixed amount per capita to prevent shrinkage of values and business depression, I will quote incidents in our country's history showing that this question has at all times overshadowed all others, and that upon this depends the success or overthrow of the wealth-producer, or of the wealth confiscator. There must always be war between these two classes until one or the other is driven from the face of the earth.

When the bank power pounced upon Congress at the time the new monetary system was being devised, Thaddeus Stevens, the "Grand Old Commoner," as he was called, said, in reply to a question from W. D. Kelley:

> Yes, we have had to yield; the Senate was stubborn. We did not yield until we found that the country must be lost or the banks gratified; and we have sought to save the country in spite of the cupidity of its wealthier citizens.

On another occasion, when speaking upon the bill to issue $900,000,000 legal-tender money direct to the people instead of to the banks, he said:

> The bill I introduced some days since to provide means to defray the expenses of the government produced

a howl among the money-changers as hideous as that sent forth by their Jewish cousins when they were kicked out of the Temple. It produced what seemed to me an unaccountable excitement in financial circles. This was caused, I suppose, by wrong information as to its origin and understanding as to its object. This was partly the fault of letter-writers, and partly the fault of stock-jobbing money editors. . . . When this Congress assembled a year ago, all the banks in the Union, as well as the government, had suspended specie payment. The last $50,000,000 of loan which had been taken by the banks at a discount of $5,000,000, payable in coin, was no longer paid in anything but the currency of suspended banks. The immense expenses of the government (from $2,000,000 to $3,000,000 daily) were to be provided for. It was impossible to negotiate loans, except at a ruinous discount.

In closing this speech he used these prophetic words:

But I ought to say, before I close, to my country banking friends, that they need not be alarmed. There is no great prospect that we shall return to the system I have indicated, nor do much to protect the people from their own eager speculations. *When, a few years hence, the people shall have been brought to general bankruptcy by their unregulated enterprise, I shall have the satisfaction to know that I attempted to prevent it.*

On another occasion Mr. Stevens said:

Mr. Speaker, I have a very few words to say. I approach the subject with more depression of spirits than I ever before approached any question. No personal motive or feeling influences me, — I hope not, at least. I have a melancholy foreboding that we are about to consummate a cunningly devised scheme, which will carry great injury and

great loss to all classes of the people through this Union, except one. . . . I have a despatch from the Chamber of Commerce of Cincinnati, sent to the Secretary of the Treasury, and by him to me, urging the speedy passage of the bill as it passed the House. It is true there was a doleful sound came up from the caverns of bullion brokers and from the salons of the association banks. Their cashiers and agents were soon on the ground, and persuaded the Senate, with little deliberation, to mangle and destroy what it had cost the House months to digest, consider, and pass. They fell upon the bill in hot haste, and so disfigured and deformed it that its very father would not know it.

It must be clear to any mind that any power in government over which the people lose control is a very dangerous one in a republic. Such a power can be maintained only through force, bribery, or by secrecy. In either case the people are justified in overthrowing it at all hazards. That the dollar is a power over which the American people have lost control, in consequence of England's dictation through agents holding power in this nation, is a familiar saying all over Europe; and every American travelling abroad is humiliated and mortified as he has it flung in his face by nearly all nationalities except the English, who stand by and enjoy the sallies.

There has not been one President since Lincoln who has not either vetoed some measure to issue American money, or openly condemned what little we have of such money already in circulation. This is the British power behind the throne. This

question of the right of the American people to issue their own dollars, given to them by the Constitution, will yet be the one over which the blood and treasure sacrificed to get rid of slavery will be infinitesimal in proportion.

That men can be found who, for the sake of becoming President, will consent to let England dictate our dollar, seems almost incredible; and yet we are told that we cannot go ahead and coin or issue our own dollar until we get England's consent. I quote from a subject of England, the Hon. Isaac Buchanan, of Canada, who said: "Money should be a thing of, or belong to, a country, not of, or belonging to, the world. . . . An exportable commodity is not fitted to be money; and nothing could be more monstrous than England's principle, followed by the United States up to the war, — her legislation forcing her people to be buyers of gold, one of the scarcest articles in the world, as the condition of their being able to furnish themselves with food and clothing."

It may safely be said that all distinction between the classes and masses in the Western world to-day is the result of their monetary systems. Were the people enlightened upon this one question, they could, by an issue of currency sufficient for the purpose, wipe out all distinctions between rich and poor. Society then would rest on a plane in which the people would all be well-to-do, and excessive riches or poverty would not be

longer known. In fact, in 1865 all Europe became alarmed over the sudden riches coming to their emigrants, who came to America in an impoverished condition, but in a few years returned rich. This caused such unrest among the working-people of Europe, that their rulers plainly saw that unless conditions were changed in America, and her farmers and working people reduced to the conditions of those in Europe, it was only a question of time when every crowned head in Europe would go off, and republics be reared upon the ruins of monarchies. That was the time when the plot was hatched between our rulers and those of the Old World to reduce our people to the state in which we find them to-day. Hugh McCullough was the man who, as Secretary of the United States Treasury, began the work of destroying the people's money, for the purpose of carrying out this diabolical plot.

To show how the people in this country have had to battle to keep any money at all in circulation, the banks always desiring to force bank credits upon them, I will quote from Berkey's "Money Question," page 133. He says:

> The fight between President Jackson and the United States Bank, which occupied the attention of the people for years, now began. The specie-basis system had been in operation for over a quarter of a century, and during the whole time the country had never once enjoyed the advantage of a sound currency. Pecuniary distress, periodical

returns of expansion and contraction, deranged currency, ruined exchanges, and panic and convulsions had characterized the entire period. The banks, although based on "Hard Money," and professing to pay coin, were in a state of chronic suspension. The press of the country was completely subsidized; Congress, as well as the Supreme Court of the United States, did not escape its contaminating influence. The people were perfectly helpless, and the outlook of American freedom and independence was dark indeed.

According to Mr. Berkey, the country then passed through the same fall in prices, the same stagnation in business, and the same loss to labor, as it is passing through to-day. He says: "In 1817 and 1818 the circulation was $100,000,000, and in 1819 $45,000,000. Contraction had done its work, and the ruin which it had accomplished was deep and widespread. In August, 1819, twenty thousand men were seeking employment in Philadelphia; and a similar condition of affairs prevailed in New York and other cities. . . . Stagnation and distress lasted throughout the year 1820. Wheat was worth twenty cents per bushel in Kentucky. At Pittsburg flour was one dollar per barrel, boards two dollars per thousand, etc." Further on, the author gives the account of a report made by a committee chosen by the Senate of the Pennsylvania Legislature in February, 1820. It is in part as follows:

1. Ruinous sacrifices of landed property at sheriff's sales, whereby in many cases lands and houses have been sold at less than a half, a third, or a fourth of their former

value, thereby depriving of their homes and of the fruits of laborious years a vast number of our industrious farmers, some of whom have been driven to seek in the uncultivated forests of the West that shelter of which they have been deprived in their native State.

2. Forced sales of merchandise, household goods, stock, and utensils, at a price far below the cost of production, by which many families have been deprived of the common necessities of life, and of the implements of their trade.

Every chapter in history shows this loss to merchants, farmers, and laborers as the sure results of contracting a nation's currency; while, on the other hand, we find history gives us indisputable facts showing the beneficial results to the same classes from its expansion. The law underlying the contraction and expansion of money, with its favorable or unfavorable results, is just as sure in its effect as the law controlling the planets. It makes no difference whether or not the material be of gold, silver, or paper, the results are the same. The essential matter is the volume, and not the material. Professor Walker shows this in all his works on political economy. In speaking of the great production of gold, in 1850, he says:

The metallic inflation was most welcome, for it occurred at a time when commerce and production had for a long time been suffering from a money-supply, either positively decreasing, or, at any rate, not keeping up with the world's needs in this respect. The age had been one of falling prices, with loud complaints of depression in trade and failure of employment. Never did parched ground reopen

more joyously to the first fall of rain after a long drouth, than industry and trade reopened to the new supplies of gold from California and Australia.

From the above it will be seen that, according to Professor Walker, "inflation" can come from gold as well as from paper issues. But does the distinguished author use the expression here correctly? "Inflation," defined by the dictionaries, is as follows: "The state of being inflated or distended with air." How that term can be applied to an increased volume of currency, especially gold, is beyond the comprehension of the writer. Does it not look like an attempt on the part of all writers who are opposed to rising prices, which result from an increase of money circulation, to cast odium upon any movement to increase the volume of money, by prejudicing the mind through the use of opprobrious terms? I have shown that great benefits always come to the mass of the people of any nation during periods of increasing money. Can it be possible that there is a class to whose interest it would be destructive, and who therefore organize to oppose it; and who, once having the organization strong enough to defeat any movement to increase money, work to contract its volume? It would certainly appear so. What class is it; and what interest have they that can be best served by constantly crying out against "inflation?"

That there is a class in this world — nay, in this

country — which is in all, through all, and over all other classes, and known as the moneyed aristocracy, and which is ruled by a Czar, Emperor, Queen, or President, we know full well, whether the people do or not. That these rulers cannot become rulers, until they first pledge allegiance to this class, is a matter of the world's history. That these rulers cannot go to war without first getting consent of this class; that they must stop fighting when this class commands; and that the terms of peace must be first submitted to this class, — is also a historic fact.

Now, what interest is there that can conflict with the common interest of all? Let us suppose a case. If a nation, for instance, should have in circulation $1,600,000,000 of currency, and a moneyed aristocracy was not in existence, but some brainy "financier" should desire to create a moneyed aristocracy, could he not do it by resorting to the following scheme? He might call in, say, $930,000,000 of money and destroy it; giving out to all purchasers, in place of it, non-taxable, one-hundred-year bonds, payable principal and interest in gold. By so doing the financier would have obtained the following results:

1. Nine hundred and thirty millions of property, in mills, mines, and factories, would be unloaded on the rest of the people, by those selling the same, to get money to purchase the bonds.

2. Nine hundred and thirty millions of dollars

in a certain kind of investment would shirk taxes, this injustice and burden being shifted to the rest of the taxpayers of the country.

3. Nine hundred and thirty millions of money having been destroyed, — which money was once *owned* by the people, but being superseded by bonds is now *owed* by the people, — this same people would be placed at a disadvantage to the extent of $1,860,000,000, having interest to pay in gold for one hundred years on $930,000,000.

4. Nine hundred and thirty millions of money withdrawn from circulation would cause panic, a tumble in prices, the closing of mills, mines, and furnaces, and throw millions out of employment, causing poverty, engendering crime, creating bread-riots, and ending in shedding of blood.

5. Nine hundred and thirty millions of bonds would be in existence, the holders thereof exempted from taxes, protected from falling prices of all other forms of property and commodities, and placed in a position to take advantage of the falling prices in cost of living.

This class would at once become the moneyed aristocracy of the nation; and this is the class whose interest it would be to oppose any increase of the volume of a nation's money, by which the prices of its commodities and labor would be raised, thus in time enabling the people to pay off the unrighteous debt forced upon them by an unscrupulous financier.

There are only two classes which stand in the way of preventing the creation of this moneyed aristocracy in a nation. One is an illiterate class, which cannot read; and the other is a class made up of all callings, which while they can read will not read, and too often insult the men who have made a special study of the question at great personal sacrifice. It is this latter class upon which the greater responsibility rests, for the former class is often led by the action and advice of the latter.

It is a very serious matter to see a nation of seventy millions of people delivered into the hands of a moneyed aristocracy; changed from a nation out of debt, prosperous, making strides beyond any nation at any time in the world's history, to a nation of debtors, and becoming more and more dependent upon other nations of the earth. What a spectacle to see the rulers of a great, rich nation like ours made the minions of a moneyed aristocracy, which is constantly appealing to the people to keep the nation's credit good,[1] and at the same time refusing to coin a constitutional money to enable the people to pay their debts, — thus forcing the nation to go begging of other nations to furnish it with money on credit!

[1] While United States bonds were selling on the London market twenty per cent. above par, which was eight per cent. higher than the securities of any other nation, these Shylocks were appealing to the people to strengthen the nation's credit!

Yet this is exactly the case in this nation to-day. Our mountains are stocked with silver which would make money good enough for merchants, good enough for the farmer, good enough for the laborer, but not good enough for this ill-begotten moneyed aristocracy, — a class which is by self-interest and nature opposed to a republican form of government, natural-born worshippers of monarchs and dictators, always favoring standing armies, and opposed to free schools. As a class, they will see the people's interests sacrificed; will see their lands given away; will see all nations combine to rob the producers of this country, and obstruct any movement in legislation intended to benefit the people.

CHAPTER VI.

A MONETARY SYSTEM WHICH WILL RESTORE PROSPERITY.

THE thing most needed above all others, in order to restore values and the return of permanent prosperity, is a distinctively American monetary system, one characteristic of our institutions and people.

The monetary system in vogue to-day belongs to the Old World's monarchies and despotisms, and can never fit into our free institutions. Therefore we should at once devise a dollar based upon an American monetary system, which will serve all classes and all men alike, and which will supply a sufficiency in quantity of currency to enable the producer and laborer to retain the fruits of their labor. To-day they are compelled to part with such a large portion of their labor to obtain this currency that, as a consequence, they are left without any accumulated property upon which to depend in their old age.

Our country is one of the largest and grandest on the face of the globe. Our people are energetic and enterprising, possessing an inventive

genius which leads all other nations in mechanical art and device in overcoming natural resistance. We have an area of country exceeding five billions of square miles, which is capable of sustaining a population of over four hundred millions. We have forty-seven States, one of which is equal in size to England, Scotland, Ireland, Wales, Belgium, Holland, and Portugal combined. Our resources in natural wealth are limitless; and, taken as a whole, our climate is not excelled by that of any other nation. We have every variety of soil, immense forests, mighty rivers, and grand lakes, — yes, inland seas, many of them connecting with the ocean. We have a sea-coast extending over six thousand miles, with convenient harbors which could give shelter to the fleets of the world.

The agricultural resources of our country are almost boundless, and in great sections of the country our soil is rich beyond that of all other nations. We have an inexhaustible supply of coal, iron, copper, lead, zinc, gold, and silver; and other minerals are, comparatively speaking, equally abundant. Colorado, New Mexico, Nevada, and the Pacific States have mountains packed full of the precious metals, besides being rich in arable lands. The South is famous for its cotton, rice, sugar, and tobacco. The great Northern portion of our country has an inexhaustible supply of coal, iron, salt, and petroleum. The great central West is known the world over for its

wheat, beef, corn, and pork; while the East has outrivalled the leading nations in its manufacture of nearly every article in human use. As for public utilities, no nation on earth can compare with ours.

Yet, with all this showing of wealth and power, with seventy-five millions of people and seventy-two billions of wealth, we still have a class of politicians and bankers who incessantly harp upon the money system of England, and contend that, unless we adopt the same material for our dollar which she uses for hers, we shall become a bankrupt and ruined nation. Think of such an absurdity! — a nation one-sixth as large as one of our forty-seven States must be taken by us as the model, if not the unquestioned authority, in regulating our financial affairs!

There is no time to be lost in this matter. Already, under our present British monetary system, we find our values sunk to a point at which our annual products pass from the hands of the producer into the hands of the non-producer; already we see our great mills forced to suspend, or to reduce wages and expenses, even to hold their capital intact, and our working-people brought to the very verge of starvation. What a picture this, in a country of such boundless resources! Under this system, every capitalist whose capital is invested in productive enterprise, and every merchant and business man, is threat-

ened with bankruptcy and ruin. In consenting to allow England to dictate our dollar, we are, as it were, selling to her by the bushel the size of which she dictates, — a size which holds double the bulk of that upon which our contract was made; thus we part with two bushels in bulk, and get credit for one only.

The time is very opportune to correct this injustice, when the financiers of the nation are attempting to reform our currency laws so as to make them more English. Let us, on the contrary, as Americans, make them distinctively and decidedly American, in the interest of American producers and not of English investors. The way to do this is to make a dollar which will not leave our shores, not one which all the nations of the earth are constantly trying to take from us, — thereby forcing us to send more big bushels of products, or issue upon issue of bonds on which our children and children's children must perpetually pay usurious interest. It is time that, as patriotic Americans, we stopped this wicked work on the part of those who worship dollars only, and know not country or humanity.

The American dollar should be made of paper, and should be stamped thus:

ONE DOLLAR.

UNITED STATES OF AMERICA.

This is all a gold dollar has on it, and it is all that is necessary for a paper dollar.

It may be well to call the reader's attention to the fact that the material suggested for this dollar is precisely the same as that recommended by Secretary Gage in his plan to issue nine hundred and thirty million dollars to take the place of those now in use; and since this kind of material is indorsed by such high authority, and since the people have practically known no other than paper dollars in their business transactions, it would be safe to conclude that the question of material — one which, so far as a national currency is concerned, the Constitution leaves in the hands of Congress — is therefore by common consent, and by its general use, practically settled.

The next question, then, which presents itself is that of the purchasing power of the dollar. The legal-tender power settles its debt-paying capacity to rich and poor alike; but the purchasing power is another and a very important matter to be looked after in the creation of the dollar.

In regard to this power, class interests have fiercely raged for centuries; for in no other interest in life is there so much at stake as in this greater or lesser degree of the purchasing power of the people's dollar. Never before in the history of any nation have we had the spectacle of a whole people arrayed in two classes, one against the other, over the greater or lesser purchasing power

of their dollar; but this contest, now fairly on, must surely continue until it shall be settled on the basis of patriotism, common sense, and justice.

This is a question between the producer and the non-producer; a question between the man who works, and the man who does not work. Under the present crude and unequal social systems, the man who must work has labor to sell; while the man who does not work has dollars to sell. Both want the highest possible price, or purchasing power, for that which they have to dispose of; hence we have the men who are the advocates of the rich, the men who have no labor to sell, declaring for the dearest, the "best" money used in any civilized nation on earth; while, on the other hand, the men who are champions of the producers and laborers want that money which, both in its quality and quantity, shall be such as will stimulate production, and enhance the price of that which is produced.

This brings us into a field where we find idleness, luxury, and indulgence on the one hand, and toil, hardship, and production on the other. Here we may erect a pair of scales, on one end of which we put dollars, representing the former class; and on the other products, representing the latter class. These scales are like all others, — when one end goes up, the other goes down. They would not be scales if both ends went up or went down at

the same time; for in such scales it would be impossible to weigh or adjust differences between certain quantities. It is a fixed and unchangeable law that when money is "bad," labor is good, and that when money is "good," labor is bad, — using language applied to money to denote its worth or worthlessness. In other words, cheap money means high-priced labor; and dear money means low-priced labor.

This issue between cheap money and dear money was what divided the two great parties in the last Presidential election. It was a peaceable battle between labor and interested capital for the control of the dollar and all which it stands for. It is by this battle of ballots that the question of the purchasing power of the dollar must be settled in a republic under free institutions. In monarchies and despotisms, where the laboring classes are never consulted, and where the dollar-class fix arbitrarily upon the dearest dollar that can be found, some other and perhaps less peaceable method of settling this question will be adopted.

After the battle has been settled at the ballot-box, the question then will come up in Congress, which, according to the Constitution, has the right "to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." There is nothing in the Constitution dictating the material out of which the dollar shall be "coined." That is a prerogative left entirely

with Congress; and the Congress is elected by the people. The party having a majority will therefore be called on to regulate the purchasing power according to their most enlightened judgment. Since volume and not the material gives or takes from the purchasing power of a dollar, — and upon this all stand agreed, — and as expansion makes the dollar cheap and contraction makes it dear, the volume of the currency must be adjusted to the population, or to the plain exigencies of the actual business of the country.

Such a currency is that which Lincoln and the truly loyal men of the early Republican party desired to give the people; but they finally were brought to compromise with the money power, fearing otherwise to jeopardize the Union and the freeing of slaves. As a result of that compromise we have to-day only $340,000,000 of that currency in circulation, as a surviving test of its superiority; whilst the money the bankers fought for we were compelled to send abroad two years ago and buy $262,000,000 worth of gold, for which we now have outstanding $262,000,000 of ten to thirty years' bonds, which we must pay with interest. If the money of the early Republicans had been retained as a currency, instead of issuing these bonds, we should have issued paper dollars, and avoided selling our children into bondage. These dollars, in sufficient volume to restore values to their normal level, would cause every man to turn

buyer in order to protect himself against higher prices. Labor would be employed to make goods ahead, to avoid paying an advance in wages. The raw material and labor market would soon be exhausted, and, instead of seeking a market, they would now be sought for by a market in need of labor and material. Thus it will be seen that an ample and sufficient currency would completely reverse the tables, — the manufacturers and merchants dictating the price, instead of selling to a market already overstocked and with but small demand.

The corrective remedy, therefore, for the fall of prices and a consequent depression in business is to increase the volume of money, until prices advance to that point for labor and material where a sufficiency of it will be left in the consumers' hands to enable them to relieve the market of accumulated goods.

The two great factors, then, in preventing or in causing falling prices and consequent hard times are money and labor. While the former (money) is an adjustable instrument intended to raise or lower the prices, the latter (labor) is a fixed factor, a natural law, and must be conformed to; otherwise friction, causing heat and disintegration, takes place.

An enemy, as an oiler, on board of one of our battle-ships, could soon put all the machinery out of order and have the ship at his mercy, by stint-

ing or withholding sufficient oil; while a waste of oil could only result in the bare cost of the lubricant, the test of the sufficiency being in the smooth and noiseless running of the same with maximum results. So with money and labor: money must be in sufficient volume to sustain values. Plethoric banks full of money play no more of a part in proving it is not money that is needed, than would the machinery of the ship dripping with oil, while the little oil-cups and feed-holes were all dry, afford an argument that the cause of the heating of the bearings of the machinery could not be from want of oil. The right thing in the right place is what is needed at all times; and "the banks being full of money," which is a stock phrase of so many the moment insufficiency of money is mentioned, does not meet the case, for, at the same time the markets are congested with goods and food, it will be found that the working-people are hungry and in rags, and upon investigation it will be discovered that there is no money in their pockets. It can be seen at a glance that the "oil" has not been placed in the right place to start trade, to enable the people to procure that for which they are in the direst need.

At this point, however, a dozen rich men spring to their feet and say, "What! take the money from the banks and put it in the pockets of the workers?" No, not that; but maintain a volume

of money sufficiently large to keep prices to that point where it would leave the producers and laborers with sufficient margin to accumulate something in their pockets beyond the supply of their daily wants. Then the money would not be congested in the banks, nor the goods in the stores, and the want and misery so often falling upon the working classes would be avoided.

The remedy, then, which would correct nine-tenths of our commercial and industrial distress, would be as follows: Increase the volume of the nation's currency until prices of all property, commodities, and labor, have risen to the point where money accumulates in the pockets of the masses instead of glutting the vaults of the banks, — which means profits to the rich, and which can only come from contracting the currency to such a small volume, and reducing prices so low, that it leaves nothing in the pockets of workers.

The only guide I can suggest to indicate when a sufficient volume of currency has been issued, is the material well-being of the wealth-producing and laboring classes of the nation. When every farmer owns a good farm, and every workman owns his home, and that home comfortable and convenient, commodious and well furnished; when every working-man can afford to be the father of a family, and is possessed of means sufficient to give his children a liberal education, — then we may be confident that our national finances are in

a sound condition. When those who create the wealth of the nation, who constitute eight-tenths of the people in it, shall, under the unwritten law decreeing "the greatest good to the greatest number," receive their proper and equitable share of that wealth, the benefit which would accrue to the country from such a percentage of its people enjoying prosperity would make it impossible that the remaining one-tenth could experience any great hardship, no matter what the system that produced these results might be.

Paper money is a popular money with the masses. It is only our foreign population who hold to the European idea of having something of value in the material of which money is coined. It is an absurd idea that a dollar which may be taken to settle a debt, and instantly handed to another to square another account, and so go on indefinitely settling accounts, until at last it finds its way into the post-office for a dollar's worth of stamps, — when, so far as redemption is concerned, it is redeemed, — yes, I repeat, it is absurd that such a dollar must be a commodity of the value of one dollar, when it bears the government's stamp declaring it a dollar.

Paper has many advantages over metal as a material out of which to make a dollar. It is more convenient, as large amounts can be carried on the person by using bills of large denomination. It also baffles the counterfeiter. Upon

this important matter Mr. Alexander Del Mar, in his able work on the "Science of Money," says: "The silk-threaded distinctive fibre paper, the water-marks, the printing in colors, the highly artistic vignettes, the geometrical lathe-work, the numbers, signature, and other mechanical safeguards of the paper-note render it far more difficult to imitate than coin."

Paper money in different forms is not a new idea in the world's history. Our own history goes to show that when paper money was used as a substitute for metal, and not a promise to pay metal on demand, it proved itself the most reliable of all moneys. The experience of the Republic of Venice was perhaps the most remarkable in demonstrating this principle. In regard to this historical event I will quote from the writings of the Hon. John Davis, M. C., as follows:

> The history of the Republic of Venice shows that it was the great commercial nation of the earth for centuries, and its maritime wars were necessary for the protection of its extended commerce in every quarter of the known world. In the year 1171, intrinsic money utterly failed to meet the monetary requirements of the Republic, and a book of credit, or inscription money, was adopted. This inscription money had no material value whatever. It was not redeemable in coin or bullion, and there was no pretence that it would be so redeemed; but it was receivable in the revenues of government, and legal tender for all debts. That legal-tender quality, in the language of Mr. Franklin, was "greater advantage" than coin redemption.

For six hundred years that paper-credit money ruled twenty per cent. above coin. During all the time there was not a money panic in the country. Venice became and remained the centre of commerce and the clearing-house of the world. There is not a line or record that any citizen of Venice was dissatisfied with their financial system. This is the longest and most satisfactory continuous financial experience recorded in history, and it proves very conclusively the superiority of financial or fiat money over intrinsic money in times of war.

By the above quotation the reader can see that full legal-tender money stood the shock of battle, and was always at a premium for a period of six hundred years. Now, would it not be strange if the people of this nation could not in a time of peace use a money composed of paper, — a money for which everything we could wish was pledged to redeem at sight? I feel it is left for this republic to demonstrate to the world that it can have a people's money composed of any material they see fit to choose, without asking the consent of the tottering thrones of the Old World.

CHAPTER VII.

BIMETALLISM AS A CURE.

HAVING given attention to the many and various theories put forth by different party creeds and schools in regard to the great fall in prices during the past thirty years, I will now proceed to speak of that one which of all others has the greatest amount of approval and support among all parties, — namely, Bimetallism.

There is not a party that has not been rent or torn, in its conventions, upon this question of Bimetallism. In the struggle of 1896 the national Prohibition Convention was split in two, and broken up. The Republican Convention was seriously convulsed, and a portion of its delegates walked out of the convention. The national Democratic Convention shared the same fate, and was equally distressed in witnessing the withdrawal of many of its former supporters.

One significant fact regarding Bimetallism is this, — that while all parties and factions are agreed upon it as a potent remedy for our financial distress, they differ as to the policy of adopt-

ing it without coöperation with other nations. That this one great question is preëminent and overshadows all others needs no proving. Even the party elected to power in the great contest of 1896 had the following plank in its convention platform: "We are, therefore, opposed to the free coinage of silver, except by international agreement with the leading nations of the world, which *we pledge ourselves to promote.*" It will be seen by this that the Republican party desired to have free coinage, but that they desired other nations to join us in adopting it; and they not only promised "to promote" it, but President McKinley appointed a commission to go abroad to urge it upon European nations. Thus, by the action of their national convention, as well as by that of their party leaders after the election, it is plainly evident that Republicans do not believe it wrong to coin a "fifty-cent dollar," and try even to induce other nations to join ours in doing the same.

To show still more plainly that the Republican party are in favor of Bimetallism, I will quote from a national campaign text-book sent out by the national and general Republican Committee, the latter consisting of one member from each State. On page 27, in heavy-faced type, it says: "Bimetallism, . . . the use of both gold and silver as money, the use for which the Republican party are to contend in 1896." It is safe to say

that had not the Republican party committed itself to Bimetallism in some form, it could not have carried a single Western or Northwestern State, so thoroughly grounded in the conviction are the people of these sections that Bimetallism is essential to the restoring of prices and prosperity.

I quote further from page 29 of the same book, where Sir William Houldsworth, a delegate of Great Britain to the Brussels monetary conference, 1892, is reported as saying: "A further fall [in the level of prices] would be a disaster. I frankly admit, that, in my opinion, there will never be a permanent solution of this difficulty until we have an international bimetallic agreement."

Again, on page 28 of the same book will be found, in the letter of instruction to commissioners of the Brussels conference, the following: "It is the opinion of the President, and, as he believes, *of the people of the United States with singular unanimity*, that a full use of silver as a coined metal, at a ratio to gold to be fixed by an agreement between the great commercial nations of the world, would very highly promote the prosperity of all the people of all the countries of the world." The italics are mine. By these quotations I desire to show that Bimetallism has not only the sanction of the Republican party, but that it has the greatest following of any theory

as being the true remedy to stop the downward trend of values.

We know, by the actual votes cast, that the Democratic party stands committed to Bimetallism by a vote of six million five hundred thousand for it, to one hundred and thirty-seven thousand against it. We also know that the Populist party stands unitedly for it; while nearly all the Labor Conventions have passed resolutions indorsing it.

Therefore, whatever the intrinsic merits of Bimetallism, we must acknowledge it has the greatest of all other followings in regard to the cause and cure of our present depression.

That there is, however, in the ranks of the Bimetallists, a great diversity of views in regard to the extent to which Bimetallism will cure our trouble, admits of no question. While Republicans are ready to admit that Bimetallism, if adopted by all nations, would bring back prosperity, they are not willing to discuss the question upon its own merits, but stick firmly to the international feature of it. The great majority of Democrats hold that silver is an American money; that our fathers regarded it as a standard of value; and that it stood as such, and even above par, until it was treacherously demonetized in 1873. This act they claim broke down the price of it; and in the same ratio as its price fell by other nations dropping its use, the more

its unused bullion-value suffered; while, on the other hand, gold, being sought to fill the place once filled by silver, had now nearly double the work to do as primary money, and under the law of supply and demand began to rise in value in ratio to increased demand, and thus under the law of cause and effect the two metals gradually drew apart. This view is also generally held by Bimetallists abroad; but they agree that since it is proven by Mr. Sauerbeck's tables that an ounce of silver will buy approximately as much of all other commodities as it would before silver was demonetized, it is not silver which has depreciated, but gold which has appreciated.

The view of the financial question most generally held is, however, that the more money you put into circulation, the more prices will advance. Though the free-silver party hold to this general view, they are nevertheless losing some supporters, who for the present may act with the gold men; but the gold men must not take any encouragement from this added strength to their ranks, because it is only temporary, and arises from the fact that these non-supporters of free-silver coinage have found out that the highest authorities are almost a unit in the opinion that neither gold nor silver is essential in supplying a nation with a currency, but claim that it is the legal-tender quality, *backed by good government and wealth-increasing resources*, which gives stability to currency. Hence these

"come-outers" are opposed to either metal, and believe in paper money; and to force the conservative elements in the Silver party to take an advance step in currency reform, they have temporarily joined the Gold forces, — thus repeating the action of the old Abolitionists, who, finding the new Republican party would not advocate the abolition of slavery, but contented itself with opposing its extension into new territories, went over in a body to the Pro-slavery party. This temporary accession was, however, of but small solace to that party. It may, in a close contest, have given them one more administration, but it only made more certain their doom in the end.

A similar dilemma confronts Mr. Bryan to-day. There is no question of a growing sentiment for Bimetallism; but Mr. Bryan, in intimating the need of a policy of a union of all Silver forces in 1900, shows his keen perception in forecasting political events by forestalling any breaking away of these advanced minds. These radical thinkers in the Silver ranks, however, call attention, just at this time, to the lesson of the struggle leading up to 1861. It was the Abolitionist who won in the end in that struggle. So these radical thinkers say to-day, "No matter by whom or how a conflict begins; the important matter is by whom and how shall it end." They know that history is likely to repeat itself, and that as the slaveholders came out with their system, so the plutocrats will come

out with their bond and gold system. They are to-day pointing to the fact that those slaveholders lost $4,000,000,000 of slave-holdings; and these prophets are throwing out dark hints as to what may be the loss of the unscrupulous and grasping bondholders, when the wronged and robbed people begin to settle past wrongs and sufferings. They point to the fact that in Congress to-day the Gold men were slow to take steps towards helping bleeding Cuba, or towards resenting any insult from Spain, as they dreaded any disturbance of the security of their colossal holdings. But the Silver men were more patriotic and truly conservative, desiring at least to protect their nation's honor; and the Populists, who are advanced Silver men, desired to recognize the independence of Cuba, and to demand satisfaction for the destruction of the battle-ship *Maine*, with the loss of two hundred and fifty American seamen. In contrast to the advanced Silver men and the Populists, we saw the cowardly forms of the bondholders lurking around the haunts of the Gold men with fear and trembling, forgetting honor, country, and humanity in their eagerness to profit by some new financial deal which might in any result put money in their pockets, or fearing and dreading the issue of the whole matter would be such that — as in the case of the slaveholders in 1861 — not only their property, but their lives might be imperilled.

CHAPTER VIII.

IMMIGRATION.

IMMIGRATION is and has been one of the chief sources of our population, and unquestionably it helps to build up any nation with sufficient territory to accommodate it. America, surely, is the last of all nations which should complain of injury to its prosperity coming from immigration, for had it not been for immigration there would be to-day no American people outside of American Indians.

Under healthful and normal conditions one man should be able to support comfortably five persons; but to-day, under our present abnormal conditions, there are many thousands of men in this country unable to support themselves. In inquiring for the cause of this astounding fact, we are told that it is the result of there being too many people in the country for the amount of work to be done, and that by restricting immigration we should have work plentiful enough for all. From this explanation of the "hard times" one might be led to think that work comes from some source outside of human beings. What such a shallow philosophy really implies is that if people would come over here and not do any work at all,

but would spend money and give work to those needing it, it would be all right. But this would *not* be all right, for it would be adding to the very trouble from which our people are now suffering. The present lack of work results from the fact that those who *do* work are not permitted, under our present false economic system, to consume more than perhaps one-tenth of what they produce, — the other nine-tenths being consumed by those who do not work, but make their money work for them. Thus nine workers and producers are cut off from what rightfully belongs to them, — from the three prime essentials of existence; namely, food, clothing, and shelter. These they now have, at least, in insufficient quantity to make existence agreeable to them. Many single groups of these nine workers and producers are living in two or three rooms, while in equity they are entitled to two houses of five rooms each. Many of them go hungry every day, when they should have all they can eat, and this of good quality. Many of them are ill clad and in rags, when they should be suitably clothed. Who can gainsay their right to have all these things? He who works, shall he not eat, and have in abundance of the good things of life? In the name of justice, who *is* entitled to these things, if not the worker and the producer?

When we have normal societary conditions, under which a man receives either in money or an equivalent in commodities to the full amount

equalling his daily production, and this consumed by his own household, then we shall have markets unglutted with goods; and those who do not work will be compelled to part with an amount of money in procuring their necessary supplies which will be sufficient, when paid to the producer, to enable him to go into the market and purchase the needed supplies for *his* family. But in to-day's abnormal and brutal social conditions, the man of money goes into the labor market, and takes the lowest bid of the man who is most desperate in circumstances; and these conditions have prevailed so long that there are always sufficient victims of the inhuman system to keep the price of labor down to the lowest; and any man protesting that he has a large family, and that the amount offered would only support himself, leaving the remaining members of his family in want, becomes a laughing-stock of the corporation's agents contracting for labor.

This system, however, in time destroys itself; for this man's family of non-consumers deprives the market of just that amount of purchase, and an accumulation of unsold stock is the result. The jobber, finding accumulated stocks, stops purchases; and the mills, not receiving sufficient orders, lay off their help. Then comes the cry that there are too many working-people for the work to be done. As a remedy for this, we are told that we must stop immigration, it being

argued that these immigrants add to the already well-stocked labor market. This immigration fallacy comes from seeing only the fact of an accumulation of goods in the warehouse, and overlooking the fact that in every working-man's home there is a need of goods to the point of actual want! If the immigration theory is correct, that there is no need for more labor, then every home should be full, and there should be a surplus of goods in that home. It is, however, the present unjust and false monetary system which makes all this trouble, by keeping from the producers a just and equitable proportion of their own production. They have not the money to supply their actual wants, and thus relieve an apparent — but not, correctly speaking — overstocked market.

For years the cry has gone out from the cotton and woollen manufacturers of an overstocked market. In proof of this, a statement of the number of pieces of goods on hand would be given at a stated period, and the number of pieces added since; and then it would be said that prices as a result had been falling below the profit mark. Now the men at the head of these mills, or belonging to the Arkwright or other clubs, in meeting this condition of market, usually advise holding an auction sale, hoping through a cut in prices to unload their surplus stock. Even a novice can see at a glance that this does not relieve the situation, for it only removes the goods farther from

the mills, and allows them to accumulate in smaller hands; but they cannot be consumed until the consumers can get money with which to purchase them. Of course this does not help the mills, except perhaps to give them the ready money to pay off some bills, and to run temporarily to replenish the stock sold; but here comes the end. They cannot do this a second time, as those who have last bought are choked up with goods; hence the mills are compelled to shut down entirely, or greatly to lessen the output. The intelligence of these men never goes beyond the market needs, as reflected by some one being ready to buy; but they are always prepared, when they cannot sell, to state that the market is overstocked, and drop the matter there. No intelligent examination as to the cause of the glut of the market has yet been made, in order to see if the people's wants and needs have been supplied to a point of surfeit, or whether just the speculative market alone has been filled up. The most that has been done is to visit other sections of the country, not for the purpose of ascertaining intelligently if the families of the nation have an oversupply of material for sheets, pillow-cases, and clothing, but to find out clandestinely, perhaps, the cost of manufacturing in these sections, so as to undersell and steal away their trade. Never to my knowledge have these men tried to discover some law by which to reach a market which three times the present number of

mills could not supply so far as actual needs are concerned.

What is true of this branch of industry, in this regard, is also true of all other branches of productive enterprise. The men at the head of all these vast trusts and syndicates know full well why output has been stopped, — not because there is not want for these goods, and want bordering on suffering, from one end of this land to the other; but because by curtailing output they can maintain profits, without any reference to supplying the wants of the masses.

It is this stoppage of output of the coal and iron mines to force profits; this stoppage of mills to reduce stocks on hand, — and this when people all over the land need coal and all other commodities, — it is this which has forced the masses into idleness, and put them farther away than ever from the possibility of purchasing, and made them willing in their want and helplessness to turn against the innocent immigrant, thinking that less people means more work instead of less work. Think of men once mining copper at 50 cents, and since selling it at 10 cents; cotton at 47 1-2 and 50 cents, and since selling it at 4 3-4 cents; beeves at 16 cents, and since selling it at 3 1-2 cents; wheat at $2.50, and since selling it at 40 cents! What purchasing power do these low prices leave in the hands of the family to buy back cotton cloth, and relieve the clogged markets

closed by the mills? Alas! the people sleep on straw and cornstalk in their poverty, having had all the value legislated out of their products in the interest of foreign nations, who are now receiving our products for thirty cents on the dollar of their actual value.

If a party ever gets into power in this nation in the interest of the producers, in the interest of the working-people, and restores honest value to them, — giving the honest products raised by honest men the same purchasing power now given to the money paid to the non-taxable bondholders of the world, — then our cotton and woollen mills can run night and day, and the people that work in them will become customers, and consume their own products. The non-taxable bondholder will then be compelled to pay a living price to labor; and all strife and contention about immigration or imported labor being the cause of our hard times will be forgotten, and present conflicts over the cause of our want and suffering will be supplanted by peace and plenty.

CHAPTER IX.

TRUSTS AND DEPARTMENT STORES AS A CAUSE.

MANY able men to-day believe that the Trusts, or their counterparts, the syndicates and combines, are the cause of our nation's present financial and commercial distress. They claim that these monsters of organized capital reach out their tentacles and fasten upon all the commodities and necessities of life, and squeeze all the small holders to death, unless they surrender and become contributors to the support of these monsters. It is also claimed that they control the volume of business with the design to lessen output; to force the largest possible profits on the smallest possible amount of business. This selfish policy of the Trusts, it is claimed, works ruin to the small merchant, by depriving him in the end of his business, — and this at a time of life, usually, when he is unfitted to begin anew in anything else, even if everything else in business lines had not already been overdone. Thousands of once active and energetic small business men, so to speak, who in times gone by made up the bulk of the business community, are to-day not only no longer a help to business, but have become so reduced as to be

an incumbrance upon it, — resulting in their small jobbing stores, as well as their once comfortable and well-furnished private residences, being thrown on the market, thus breaking down the rents of both, and forcing down the value of real estate.

Again, these Trusts, it is said, control prices of all the commodities and necessities of life. They also dictate the price to be paid to the producers, as well as that to be charged to the consumers. They are masters of the situation at both ends of the bargain. Through low prices forced upon the producer, he is placed where he is no longer a consumer; hence trade suffers to the extent of the additional loss of his trade. The consumer to whom the Trust sells, from being charged double the price, is no longer a consumer of more than one-half the former amount of goods; and hence an accumulation of stock in the Trust's hands. This glutting of the market must, of course, be met by some action on the part of the Trust, and it immediately proceeds to curtail the output; this in time only aggravates the trouble still further, by depriving the discharged laborers of purchasing power by cutting off or reducing their wages. Thus the disease works its way into the very vitals of trade, until all life and energy have gone out of it, and stagnation and decay set in.

This is the usual and common story of the men who have been hurt by the Trust. But in seeking for the cause of their trouble they are like the

blind man, who, being led up to the foreleg of a large elephant and asked to describe what to him the elephant looked like, after feeling all around the limb, said he thought it must look like the trunk of a tree. These men do not see the whole trouble any more than the blind man saw the whole elephant, and do not know that they are only dealing with a result and not with the cause. Something *caused* the Trust to form; and that something was prices falling so low that profits disappeared, and to protect the profits these Trusts were formed.

These Trusts were not formed for the benefit of those outside, but to protect the Trusts themselves from falling prices; and thus far they have been able to do it. The Trusts, like the Banks, keep the price of their commodities up, while everything else in the hands of the people is constantly shrinking in value. Thus it will be seen that while everything has a cause, that cause may not be a first cause; and in the case of the Trust it will be seen that while falling prices caused the Trust to be formed, there was something behind that which caused the prices themselves to fall. This brings us back to the main argument of the book, which has been previously presented on page 51.

One can readily see, then, how all these results, in the form of unnatural, perverted, and artificial monstrosities called Trusts, are so readily seized

upon as being the cause instead of the effect of trouble, by men who have not had the time to trace back from effect to cause, or from cause to effect. If every business man would give a little time to studying the masters in finance, instead of jumping so readily to a conclusion as to the cause of our financial and commercial troubles, — like the man who is ready to fight the man back of him for treading upon his heels, while that man back of him is fighting a crowd of men pressing him on, — he would soon ascertain the first cause of those troubles, and, by acting in unison with all those having interests in common, the correct remedy might speedily be found and applied, and we should soon have higher prices and national prosperity.

While the wholesaler and jobber are attributing all our trouble and depression to Trusts, the retailers throughout the land are fiercely assailing the department stores as being the great cause. In Chicago a formidable movement has been made to tax the department store out of existence. But here, again, a secondary rather than a primary cause has been seized upon. Compared with the Trust, so far as the people are concerned, the department store is a real blessing. It serves the public needs, without doing the public as a whole an injury, as is the case with the Trust. The public can exercise a choice in dealing with a department store, but not so with a Trust; for

the latter controls certain necessities of the whole nation, and thus compels the people to buy of it alone, since they cannot do without necessities.

Commercially considered, however, the department store is a detriment; for while the practice of concentrating every variety of goods under one roof is convenient to the people, the practice carries with it a power of centralizing capital which, in the end, is used against its very patrons in their occupations. It is a well-established fact that the department store has been made a success through its bargain-counters, so far as attracting trade is concerned; but it is a question if this will not in time work its own destruction, unless (which is more probable) an understanding and agreement through combination does not interfere to regulate this. The bargain-counter principle in the department store undermines not only a living profit for all other stores, but it breaks down the general market price of goods in the factories and mills, forcing them to reduce labor in order to meet this slaughter caused by the bargain-counter.

It is the abuse of the original bargain-counter idea, however, which is now working an injury to trade. Buying "job lots" at the mills or at sheriff's sales, and advertising special days, or even special hours during a day, and selling an article for one-half its retail price, charging the loss in with the cost of the advertising account, is a

practice which is rapidly developing in the department store system, forced upon it by the sharp competition which works such injury to trade in general. This system, in time, means the annihilation of the small stores in special lines. Nine-tenths of these stores go down from loss on old stock, which has been accumulating more and more rapidly since the advent of the department store, and for which there is no remedy. But the cost of selling is the test of the two systems. A seven dollars per week salesman in a department store will sell double the average amount taken by most stores, in single lines; and in these latter stores running expenses are double those of the department store, relative to amount of sales. This uneven contest means the extinction of the single-line store. This takes away another opportunity in the commercial field, and the once small-store proprietor now becomes a seven-dollar man behind the counter of the department store.

But while all this works greater and greater hardships upon the people under falling prices, and intensifies the general business depression, it must not be considered as the cause of falling prices, when it is only one of their many results.

CHAPTER X.

OVERPRODUCTION.

AMONG the many theories, hobbies, and fads put forth by writers and speakers to account for the cause of the fall in prices and depression in business, perhaps the one most harped upon of all others is that of "overproduction." While I have by no means ignored this in my general argument hitherto, its importance requires that I devote to its consideration a special, though short, chapter.

To show the hollowness of this popular delusion, put forth by banker, editor, pastor, and politician, it will only be necessary to recall the fact that in 1860, when nearly as great a percentage of our laborers were out of employment as in 1893, the popular cry of "overproduction" was heard above all others; and in 1861 this condition was intensified by the breaking out of the war. Here again we find no money in circulation; "shin-plasters" and postage stamps were all the people had with which to make exchanges. No one would touch a bank-bill, as all the banks and the government itself had

suspended specie payments. It was a complete paralysis of trade. And yet while every one was in want, and producers and manufacturers could not sell a dollar's worth, the old cry of "overproduction" was set up for the thousandth time. But in less than a year every mill, every mine and furnace, was running night and day; the workhouses and jails, the highways and byways, were scoured for men of every kind, and farmers were scolding the manufacturers for having stolen their help. Prices were advancing all along the line. Foreigners came over here in swarms, leaving nations with one hundred per cent. "honest" dollars, and giving preference to "thirty-eight" per cent. "dishonest" paper dollars. Yet men enough could not be found to do the work demanded, though those employed were worked night and day; and there were no goods to be found in the markets, and as a consequence prices kept advancing. Any man in the dry goods business at that time knows that cotton cloth advanced from five cents a yard to seventy-five cents in three years' time; and still goods were scarce, though only a few years previous we were told there were too many goods!

Now, every one knows that these "good times" continued until 1873, when something happened. That something was the contraction of the currency, followed by a panic and "hard times," from which we have not yet recovered. The mills and

mines were closed, and this while they were full of orders. The help was discharged, as the banks could not furnish money for pay-rolls; trade fell off, as the people could not buy for the need of money. Is it not evident, then, that not an oversupply of food in the midst of want and hunger, not an oversupply of clothing when people are in rags, but an undersupply of money, is the primary cause of our business depression?

There is never overproduction in the great cities during national campaigns on the night of election. Market-baskets and bundles testify to the return of prosperity in an hour's time after the polls close. But it only lasts about an hour, and does not return until another four years come around, when the same causes produce the same effects. Take away a nation's money, and you will have overproduction of goods, with want and suffering. We never have a so-called overproduction of goods when we do not at the same time have want and suffering for those very goods. The people being stripped of their money are deprived of the necessities of life. Not an overproduction of goods, but an undersupply of money is the trouble. One will always hear the general complaint that money is scarce just before hearing of an overproduction. Overproduction, then, put forth as a cause of hard times, is simply putting the cart before the horse.

CHAPTER XI.

HARD TIMES THE EFFECT OF "IMPROVED MACHINERY."

WHILE the press, pulpit, banker, and politician are clamoring about "overproduction" being the cause of our nation's decay, the trades and working-classes are crying out against improved machinery as being responsible for the disaster which has come upon our nation.

As the overworked and jaded street-car horses used to fall under their loads in the sun's torrid rays, an expression of sympathy usually went up from the bystanders, and the advent of steam or electricity was invoked to relieve these suffering dumb servants of man; societies for the prevention of cruelty to animals were organized to protest against overwork and underfeeding, and to secure humane treatment especially for every animal in the service of man. But how about man himself? Is he not more valuable than the beasts that perish? Shall we deny to him protection from overwork and ill fare? Improved machinery, if rightly applied, will bless and not curse mankind.

Now, of course, there is some real grievance back of this feeling among the people against improved machinery. Let us see if we can find out what and why it is.

Under the conditions produced by our present financial system, which has brought about low prices and sharp competition, manufacturers are driven to every device to undersell one another in the market; and they have seized upon improved machinery as one of the means at hand for protecting their own interests. Every new machine invented is used to underwork human labor, and so to supplant it. Therefore, the more machines there are introduced into the mills and shops, the less of hand-labor there is required, and the lower are the wages paid to the laborers still employed. All the improved machinery is thus operated, not to lessen, but to increase, the burden of the wage-earner; it is operated in the interest of the manufacturers, of the rich stockholders in the mills and factories. And why not? Human nature is selfish, we all say; and when that natural selfishness is stimulated and tempted by false and brutal financial systems, which force down prices and compel fierce competition, how can we expect otherwise than that those who have the power in their hands — and combined capital always holds that power over ill-organized and unintelligent labor — will use it for their own benefit rather than for the welfare of suffering humanity? This

is the day, and at present this is the opportunity, of the rich, — of those who work not with their hands, but with their bonds and their stocks. And the law-makers of the present time are their paid allies, forging and supplying them with the weapons — the so-called laws and enactments of Legislatures and Congress — whereby they can protect their own interests against the larger and more inclusive interests of the whole people. Private ownership, private gain, not public welfare, holds the upper hand, and misuses every means to enrich the few and impoverish the many.

Thus, while the improved machine does the needed work cheaper, better, and quicker — as it was intended to do — than mere hand-labor can do it, the difference in gain does not go to the people. It goes to the owner of the machine; and this difference in gain to the machine owner is in exact ratio to the number of men displaced by the use of the machine. This is in accordance with the immoral law of profit at the expense of human welfare. This law will not always stand, any more than did the slave-laws; but it will last as long as the present money system lasts, which caused the fall in prices.

To show that machinery is not wholly responsible for the great change which has come over the country, it is only necessary to say that the manufacturers, merchants, and farmers suffer alike, in the end, with the operative; while if machinery

alone were the cause, the operative alone would be the sufferer. The manufacturers suffer by producing with their improved machinery more than the working-people, without wages and without money, can consume; and in the end their mills have to shut down, and their machines stand idle. The merchants suffer by having stores full of goods which they cannot sell without ruinous cost to themselves, because the unemployed and moneyless people cannot buy even at low prices. The farmers suffer, because the working-people who need their produce cannot purchase it without work and its consequent wages. The rich alone do not experience suffering, because they have accumulated wealth, and are independent of labor.

No; "improved machinery" is not the cause, but the result of the hard times. When times become good, under natural conditions, — conditions in which man will exchange services with man on equitable terms, — then every man will welcome the advent of machinery in order to lessen his hours of toil; permitting, as it will, of greater opportunity for his recreation and self-improvement.

CHAPTER XII.

CONFIDENCE.

THE term "confidence" is more frequently used during financial disaster than during commercial and trade depression. It is not unusual to have financial panics without disturbance to commerce. When such panics are on, the first cry finding general expression is that "confidence will soon be restored, and then everything will be all right." There is never much knowledge at hand regarding the street's financial trouble, or why the banks are involved. The press tries to control the situation by giving assurance that "confidence will soon be restored," and that "everything will be running smoothly in a few days."

Such panics are like scandals and divorce cases in high life, which are usually settled without allowing the public to know much about the details of the case. Finance has always been held above the concern of the people, just as the old way of doing mercantile business was before the war. The common people, the working-people, were never supposed to know anything concerning the cost to or the profit made by those who were

manufacturing, buying, and selling goods. The dear people were presumed to have "confidence" in the integrity of merchants in those days, taking it for granted that the firms paid all they could for labor, and sold as cheaply as was possible.

It was not until the manufacturers applied to the government for financial assistance in the matter of a tariff that the people became informed upon the cost and profit of all kinds of manufactured goods; and from this one cause, more than from any other, came the great strikes of to-day. Now the leaders of labor organizations can give closer figures upon cost of production and transportation of goods than those who have made investments in such goods. This same observation holds in regard to banking. The people formerly did not know anything about banking or the principle of money, — about its origin, volume, material, or under whose control it was. It was not until the bankers in their turn applied to the government, and asked for a royalty upon their transactions, that the people became informed upon the question of finance; and to-day there are more books and documents upon this subject than upon any other. The people now understand the financial question comparatively well, for it has been thoroughly discussed in all political campaigns for the past twenty years; and things have been so changed that "confidence" has become an obsolete expression, and of late has not had

any appreciable influence in affecting the public mind. Ignorance and confidence may be fitly called twin sisters. To-day, all alive, up-to-date business men want to understand cause and effect; and now when any serious trouble affects the business community, they cannot — as they could twenty years ago — be hushed and comforted with the old cry, "Have confidence! have confidence! and all will be well." No; the people are becoming intelligent, and will demand that definite laws be passed to promote the interests of the business community and the people, instead of those of the few; and while they may be baffled or put off for a little time longer by their lawmakers, the hour will come when the people will peremptorily insist upon a new order of things, and then the old cry of "Have confidence" will cause only a smile of derision.

CHAPTER XIII.

SUPPLY AND DEMAND.

THE phrase "supply and demand" is in all probability used with greater frequency in discussing questions regarding the regulation of business conditions and the rise and fall in prices than any other, especially by men who have not made a thorough and scientific study of economics. It will be observed, however, that this phrase is more commonly used in the marts of commerce and trade than in agricultural districts, and the reason is obvious. The merchant has observed, during his years of business experience, that a scarcity of goods causes an advance in the price, while an overabundance of goods causes a drop in the price; in other words, that when there is an eager demand for goods the price advances, while when buyers are coy and the market plethoric prices soften.

While merchants are usually what we call "hard-headed" men, sharp, positive, intense, and practical, they are not as a rule philosophers; that is, they judge of the operation of cause and effect from their day-to-day narrow experience. They do not take a broad outlook upon the different

periods of their nation's history, — periods when prices were constantly rising, and other periods when they were as constantly falling, — and study the law of cause and effect as it operates in this larger arena of activity, and try to find the *primal reason* why prices at one time rise, and why at another time they fall. It is sufficient for them to know that, in their narrow sphere, when goods are scarce prices rise, and when they are plentiful prices fall. When a buyer asks a seller, "How is trade to-day?" and the seller replies, "First-rate! Our only trouble is to get the goods; prices are advancing all the time, and you would do well to book your order before they go higher," he is applying the law of supply and demand to the small range of his own personal affairs. From his limited point of view he is indeed right in his diagnosis; but from the standpoint of the political economist, — the man who is called upon to advise a young and free nation what kind of a financial system it must adopt in order to cope successfully with old and established and plutocratic countries, — he is far from being right, and needs to enlarge and broaden his views to meet national and international requirements.

Now, let a professor in political economy ask this merchant why it is that prices are from one thousand to five thousand per cent. higher in this country than they are in China; or why prices are fifty per cent. lower in Canada than in the United

States; or why it is that prices are one hundred per cent. higher in Mexico than in the United States, — and he will see that this will put his "supply and demand" theory to the test at once. Could he cite or explain the laws and systems which produce this discrepancy in prices? Certainly it cannot be ordinary supply and demand which makes wheat one hundred per cent. higher on one side of the Mexican line than it is upon the other; for in that case wheat would go right over the line. By this it can easily be seen that supply and demand do not regulate prices in a national or international sense. So far as a short crop of apples or a large crop in New England is concerned, it does; and while the price may go up in regard to apples, it may at the same time go down in regard to potatoes, under the influence of a big crop. But what was the cause of prices of all commodities — of land, of railroads, of labor, of everything except United States bonds and other similar securities — experiencing a fall in value from 1865 until to-day, and still continuing to fall? Will the answer of supply and demand meet this case? Again, what caused prices of everything except United States bonds constantly to rise from 1862 until 1865? Why should a house that cost $5,000 in 1865 fall fifty per cent. in ten years, and a $5,000 United States bond rise one hundred per cent. during the same time? When asked the cause of the fall of prices for the

past thirty years, does the answer of supply and demand meet the point? Certainly not, in the sense in which the merchant uses it in regard to supply and demand of goods.

There is, however, a way in which the law of supply and demand can be applied in accounting for the rise and fall in values; and that is in the demand and supply of money, — not between money-lenders and the people, but between the relative amount of the nation's currency circulation and the property of the nation. To curtail, or contract, the nation's volume of money, and thus make it scarce, will have the same effect upon its price as upon that of the short crop of potatoes; it will become dear. Just here is the mistake which the average business man makes. He cannot see that the dollars as well as the potatoes can go up in price. To his mind everything else can go up or down, but dollars must ever remain the same! If he is compelled to give eighty cents for a bushel of potatoes, one hundred per cent. rise over last year's price, he explains it by saying that potatoes are scarce, and the price of them has gone up. Suppose now that he goes out to buy $2,000. All he has to buy this money with is a house. Ten years ago he gave $4,000 for his house, and since this house has maintained its relative value to all surrounding properties, he expects now to get $4,000 for it. But he finds the price of money has gone up, like the pota-

toes, one hundred per cent.; and so instead of giving $2,000 worth of the $4,000 house for the money he wants, he is compelled to give $4,000 worth of house for $2,000 of money. Money has become so scarce on account of the government calling in three-quarters of its volume, that, like the scarce potatoes, the price of it has so risen that no one else will sell it any less. All having money want as good as a $4,000 house for $2,000 worth of money.

Therefore, while the law of supply and demand as applied to trade and commodities will hold good, the man so using it must be consistent enough to apply it to the matter of money, and to the greater or less amount of it in circulation; since money, *under the nation's law*, measures all values by its quantity, and is intended to supply a medium of exchange of commodities, and also to be the instrument for the liquidation of all debts.

CHAPTER XIV.

REVIEW AND SUMMARY OF OVERPRODUCTIONS, ETC.

HAVING passed over a wide field in seeking to account for the thirty years' fall in prices, a brief review may be needful in assisting the reader to fix upon the true cause.

In the outset we were positive of one undeniable fact, and that was the constant fall in prices; but while all were agreed upon that fact, and also upon the fact of the injury to business and suffering to the people resulting there from, we found but few who understood the true cause of it.

In order to treat the cause scientifically, it was necessary to go back to the year in which prices began to fall, and to seek for the cause at that time, rather than to try to ascertain it in the conditions existing after years have wrought their havoc in prices. By beginning at the wrong end of an investigation we are not only apt to mistake effect for cause, but we often attribute that as a cause which did not exist at the beginning of the trouble, — as, for instance, "overproduction." There was no overproduction in 1866.

There was a great scarcity of goods everywhere, which scarcity continued for some five years after the fall in prices began, — showing that accumulation of goods was the effect rather than the cause of fall in prices; but once becoming a concomitant cause from which prices were depressed, it was only one of the many little feeders to the mighty stream of causes, — like a river, which, while it has its prime great source, is often swollen by many tributaries, though even these tributaries do not add much until the heavy rains swell their normal size.

In the stream of causes of falling prices, overproduction is well down the list of tributaries. Taking money contraction, which commenced during 1866 and 1867, another tributary to the cause comes in before overproduction; it is that of premium on gold. It must be remembered that as fast as the currency was contracted, the premium fell on gold; and since the duties at the custom-house were paid in gold, the premium was the regulator of our tariff. In July, 1864, gold sold for $2.85. This was an addition of $1.85 on every dollar paid on the fixed tariff schedules, and very naturally it was a prohibitory tariff, and kept out goods which had always been made abroad, but which were now made at home. As fast as the tariff was reduced through the fall in gold, an increase of imported goods followed; but the reader must remember that it was the contraction

of currency which caused the fall in gold, which in turn caused a drop in the tariff; and this was followed by large importations of goods, forcing our workshops to close, or to reduce the home prices to meet the foreign prices. As a result of this, the markets became overstocked, factories began to shorten time and cut wages. It was at this time that the cry of "overproduction" was raised as the cause of the trouble; when the truth was that the real cause — contraction — had been doing its work for five or six years, and the lowering of the tariff and the overstocked markets were both results, and not causes.

As prices continued to fall, from continued contraction of money, new tributaries of secondary causes were felt, and these in turn were put forth as the prime cause. Stories of fabulous prices paid for labor here made the workers in the old countries uneasy, and we had a great influx of immigration. This in turn was seized upon as a cause of our people being deprived of labor, and of the hard times; while the times had begun to grow hard long before increased immigration took place. But contraction kept on its steady course, and prices correspondingly fell. Although silver was at a premium over gold, the political powers would not allow it to be coined, making the pinch of money tighter and tighter.

In 1877, as a result of this contraction, times were well-nigh as bad as they could possibly be.

It was estimated that there were three millions of people out of work at this time, though those having work were receiving high wages, as compared with wages of to-day; the merchandise and manufactured goods, however, were relatively much lower. It was at or about this time that improved machinery began to enter the field for competition with hand-labor; this started the cry against machinery, and, in time, it also was given out as the cause of the hard times, while it was only another tributary now felt by the more acute and intensified depressed condition.

Lastly comes the greatest alleged cause, "lack of confidence." This is the complaint of last resort, after all others have failed. This last cry usually comes from the bankers and brokers, men who have watered stocks and questionable securities to sell. The innocent and credulous people, having had their fingers burned many times in handling these stocks and securities, now naturally "lack confidence," and their timidity and indisposition to invest is announced as the cause of our hard times.

It will thus be seen that nearly every trade and calling has a special theory to bring forward. The merchant finds the market blocked with goods, and no buyers; to him the cause of falling prices is overproduction. The wage-earner is displaced by machinery, and to him improved machinery is the cause. The native laborer is crowded out by

the immigrant, and to him immigration is the cause. The broker and the banker find the people do not "walk into my parlor," and they cry out, "Lack of confidence!"

All this time, however, prices were gradually falling lower and lower, while the first cause of the depression still remained in full force. Any attempt to overcome this cause during the past thirty years by any increase of currency has been met by the very stoutest opposition on the part of organized capital. But when the real cause shall be removed by restoring to the people a sufficient volume of money to enable them to carry on business, then, and not before, will prosperity be restored, and labor and capital alike find profitable employment.

We now come to the disastrous results of falling prices. There are few outside the small number of the excessively rich who have not felt the heavy hand of shrinkage and depression either on their property, their business, or their income during the past thirty years. This does not show itself in public to the extent of the suffering experienced, but has been carefully concealed and borne in private.

By studying circular No. 123, issued by the Treasury Department of the United States in July, 1896, it will be observed that on page 54 it states that we have $1,222,618,792 in coin and bullion in the nation and the Treasury. Of course

this is all guesswork, since no man living can tell how much or how little gold or silver there is in the pockets of seventy millions of people. On the same page, however, one can observe that in 1875 there were but twenty-five millions of dollars and bullion in the whole country, which of course included the United States Treasury; in 1877 this had suddenly jumped into one billion seven millions, in round numbers. Other tables in the circular show an export of from three to forty-two millions of gold per annum. This, with the amount taken out of the country by tourists, and the amount used in the arts, must make the amount in circulation a very difficult problem to solve; yet upon this unknown quantity the government bases a per capita of circulation which measures the price of our products, commodities, and labor.

There are two reasons why the merchant should exercise vigilance upon this matter of volume of currency. The first is, that when currency is contracted, one of two things results: either the banks avail themselves of the opportunity to loan their credit (which cost them nothing), or panic and the fall in price of all commodities in the hands of merchants and manufacturers take place, not mentioning the heavy loss in outstanding accounts. Why the merchants and manufacturers do not keep a lobby in Congress to work for an increase of the volume of money in ratio to in-

crease of population and business demands — as do the bankers, who pack the halls of legislation for the purpose of constantly reducing the volume — is more than I can account for. But the reason most generally offered is, that the banks threaten any and every merchant and manufacturer who dares to make any move to increase the nation's currency, or to join any party having that for its object. This opposition on the part of the banks to an increase of currency began with the earliest history of our country, and it has ever been the policy of every great party. So far, no one of our great parties, except the early Republican party under Lincoln, ever dared, even in the needs of war, to defy the banks in this regard. But the importance of such an increase was never before understood as it is to-day. In fact, the merchants and manufacturers never had anything to make them think about monetary problems as the present fall in prices has done. When print cloth falls from 38 1-2 cents to 2 1-8 cents; when raw cotton falls from 122 cents to 5 cents; and in fact the price of everything else falls in the same ratio, unless it is held up by a trust; and when to create this trust the capital from England or Wall Street supplants the capital of those who are established in business, out of whose hands the trust now forces it by bank legislation in Congress, and thus brings about the destruction of all who are engaged in a legitimate form of business,

— when, I say, all this comes to pass, then the average business man begins seriously to think that something is wrong, and that perhaps it is for his interest to "meddle with politics," and even to study and make himself acquainted with the principles of political economy.

It is said that appearances are deceitful; and to no single phase of life does this maxim apply more than to the financial standing of many in the community to-day. That other old saying, that pride and poverty walk together, applies to the present times as never before. This all results from the great change which has taken place in the circumstances of so many in the community. Individual cases of misfortune will occur in the best of times; but the nation has never passed through a period of thirty years of such depression before, so that it has now become the exception to find a man making money in open market. In fact, business men, like the provision dealer who puts the best fruit on top of the barrel, are making their best show in public, while they are agonizing in private.

Many are misled to think that hard times exist only in their imaginations, or in their particular cases; but let them try to sell goods at old figures, or even try to collect old accounts, or perhaps ask a little assistance even of those from whom they feel they have a right to ask a favor, and they will soon find the idea vanishing from

their minds that their case of distress is an isolated one.

Go to any part of the great business community, and you will find this experience the same, although the country does not suffer like the city from the sensitiveness of pride. The business man suffers by comparison with the man who has money to invest; for the latter is now richer than ever, as his "goods" (bonds) are constantly rising in the market. A ten or twenty years' bond investment, non-taxable, with everything else growing cheaper, is what makes good times for the investing class, enabling them to live more sumptuously than before; but the mercantile community must scrimp in every conceivable way to make both ends meet, and this forced economy, compared with the increasing luxury of those with whom they once could vie in living expenses, creates keenly uncomfortable feelings. All this comes from a change in the nation's financial system, producing conflicting interests among classes.

Then there are those who, not understanding finance, and having confidence in their brokers and bankers, have placed their all in second and third mortgage bonds and watered stocks, who when the "squeeze" came on lost their all, and were thrown on a world gradually growing harder and closer under the same system that had robbed them; and they find it almost an utter impossibility to get anything to do. This class, whose

numbers are simply incalculable, being oblivious of the shrewd scheme adopted by the crafty manipulators of their holdings, instead of retaining their bonds and stocks, were shaken out of them by the shrinking process; and these selfsame properties, under the reorganization which followed, are now owned by multi-millionaires. In fact, had it not been for the shrinkage, the first-mortgage bondholders would not have gotten hold of the properties at all. These results are the fruits of the present system of contraction and its consequent falling prices.

I have not yet, however, presented the darkest picture resulting from the work of contraction. I have not yet shown the ruin and despair it has carried into the fireside of farm and home, of old and young alike, of hundreds and hundreds of thousands throughout the land, who in early manhood and womanhood took up life together in dead earnest, and settled in rural regions in the East or West, where they built their homes for life; or the industrial and frugal young couples who have undertaken, in or near our cities, to build and pay for a home, — all of whom, by this merciless robber-system of shrinkage on their little holdings, by loss of time and enforced idleness, and by constantly falling prices of products, have had taken from them farm and home alike, and seen them transferred to crafty "investors," whose cold-blooded chuckling we

can almost hear as the sheriff hands them the title-deeds of these distrained possessions.

Then there is that great disinherited class who under present systems can never hope to own a home; who were not only born tenants, but who must live and die tenants, since they can never see the daylight of hope under our present systems, — systems which do not favor the poor or even the moderately rich, but which favor the excessively, enormously rich. Thoughtful men and true patriots are becoming startled at the rapidly approaching events which cast their dark and ominous shadows before, — events which will surely bring to us more grievous troubles than any we have yet experienced, unless men of wisdom, honor, and justice get control of our nation's politics.

In showing the cause which produced the long depression under which the nation has suffered, I desire to hold myself above any party opinion, or the seeking for any party's advantage. To get at the cause scientifically is alone my desire.

There are a number of systems which, if adopted, would tend to lower values and depress certain lines of business for a time, until the special business under the system in vogue had adjusted itself to the new system, when all would be running smoothly. But I shall try to show that the broad system governing all values in every department of trade, industry, property,

agriculture, and labor, — the one great lever which has the power to lift or lower the values of all wealth at the same time, — is in the hands of the people to change as they elect, through those chosen to represent them in the legislative halls at Washington.

I have already shown in Chapter V., under the head of Money, that every nation has its own independent monetary system. No nation would be an independent nation which did not; and any nation which becomes so weak as to be forced to accept dictation upon this one vital function in its government, is dependent upon that nation so dictating for its sinews of war. Therefore, the first and greatest of all functions in government, so far as a people are concerned, is to have the most thorough and complete control of the measure of values upon individual wealth and labor. Even the coal miners in their last national strike made this contention one of their strongest items of complaint; and it was conceded by all to be not only a gross injustice but downright robbery that the coal companies should do all the weighing of the miner's coal, not allowing him to be present to see if he got fair weight.

Now, the gold dollar which is insisted upon by the Wall Street millionaires is as much a loaded dollar as any dice ever thrown by the gambler. These coin dollars are made payable to the bondholders, in principal and interest. Why did not

the law require that the farmer and laborer should be paid in coin? Simply because there was not a majority of farmers and laborers in the Congress which made the law; the bankers and bondholders were greatly in the majority. At that time the American people knew no more about finance than a Southern slave knew about the elective franchise; but to-day the Southern ex-slave knows more about the elective franchise, and to-day the American people also understand more about the principle involved in making a dollar out of gold or one out of paper.

Wall Street spent millions of dollars in trying to show the farmers and cotton-growers of the South and West that $2.50 per bushel for wheat, which would pay the Wall-streeters $2.50 of debt, was not as good for the farmer as fifty cents per bushel, which would only pay the Wall-streeters fifty cents of debt. It is not often that the Wall-streeters are seized with such solicitous concern about the welfare of the farmer. Had this stock of anxiety on the part of the brokers been reduced when their representatives in Congress gave away alternate twenty-mile sections of land on both sides of the Pacific Railroad from Omaha to California, and in addition a loan of sixty-four millions of dollars in bonds, the farmer might have had more of Uncle Sam's domain left upon which to settle to-day; and had it not been for the loaded Wall Street dollar, by which the cotton-grower's cotton

has been measured for the past thirty years, the cotton-grower might have been getting forty cents all these years instead of five cents, which is all this "honest dollar" measures out to him to-day. But under such a more righteous state of things Wall Street would have been in debt to the cotton-growers, and the people of the South would have been satisfied to stick to cotton-growing, — in which case they would not now be reduced to such a state of poverty that they have been driven to accept Wall Street capital to build cotton-mills, and to give famishing children fifty cents a week for twelve hours a day labor, the result of which, according to the Arkwright Club, is now closing Northern mills. This Arkwright Club emphasizes "Southern competition" and "overproduction," but is as silent as the grave upon the havoc the loaded Wall Street dollar has wrought upon the people, — first, by undermining protection from foreign imports, and at the same time taking nearly all values out of their products; and, secondly, by reducing them to such an impoverished condition that they are no longer able as consumers to reduce the accumulated products of their mills.

It is a well-known fact that the South, because of its climate, was formerly a great market for manufactured cotton goods; but to-day, because of its poverty, resulting from low prices caused by tampering with the dollar of the nation, and also

because of trust-conspiracies which have forced down the price of its raw sugar, — the banks acting with the trust in withholding accommodations during the selling season, thus helping the merciless buying agents of the Sugar Trust to press collections in order to force sales at bankrupting prices, — because of all this, I say, that market no longer exists. Thus, by the combined powers of banks, loaded dollars, and trust-syndicates, filching the annual wealth produced by the people, leaving them helpless as purchasers, resulting in accumulated stocks, stoppage of mills, and bringing the East face to face with Southern conditions, the Arkwright Club now has to meet a crisis in its own section. And in its despair the Arkwright Club folds its hands, rolls its eyes towards heaven, and with all solemnity cries, "Overproduction!" "Southern competition!" "Lack of confidence!" The Club then formulates a prescription for the cure of these troubles, which is, "Reduce the wages of the operatives still lower, and buy your cotton cheaper," — a policy which if carried out means that the new goods manufactured on the lower figures would force down all the stocks already on hand, not only in the warehouses of the mills, but all those now in the jobbers' and retailers' hands; while the holders of these stocks would be called upon to pay what they owe to the banks in one-hundred-cent dollars, or in the "best dollars in the civilized world," and their holdings

in goods would leave them only seventy-five cents on the dollar. What a remedy! What a subterfuge to bolster up Wall Street's "loaded dollar" system! All this shrinkage, all this misery, all this robbery of worker and producer is welcomed sooner than to raise values, restore wages, and give full employment by an increase of money sufficient for the purpose, and thus enable the people to live once more and become consumers of the products they create!

The only method by which better times can be realized is by restoring values in products; and the only power by which that can be done is by taking the money control from Wall Street and placing it in the hands of the people, — letting the increase of currency go on until the masses are restored not only to bare living conditions, but to comfortable and humane conditions. This, and this only, is the remedy for falling prices and hard times.

While contraction of the currency is the first and underlying cause of falling prices, falling prices in their turn carry loss to every one who holds that class and nature of wealth which falls or shrinks in value. It must, however, be remembered that all kinds of wealth or holdings do not fall with contraction of the currency. Some kinds of property may shrink, and other kinds advance at the same time. For instance, while railroad stocks will naturally fall under contraction of

money in sympathy with most other property, railroad bonds may at the same time retain their market value, and in many instances become of more value. This results from the fact that the bonds of a road have a fixed rate of interest; and when the bonds are the first-mortgage bonds, and the property will bring many times more than the price of the bonds, then the bonds will advance in the same market in which the stock will fall. The reason for this is clear. The stock no longer pays dividends, as under the hard times the road is not earning sufficient to pay interest on the bonds, and holders of stock begin to sell, which breaks down the price. Should the road have second and third mortgage bonds, these in turn would be similarly effected. The third mortgage will suffer first, and fall first in price; after which, the second may or may not suffer. Under such severe depression as to force foreclosure on the third mortgage, for default in interest, the stock is usually wiped out. Thus it will be seen that the first-mortgage bondholder, hoping to get the property, will be willing to bid for any of the first-mortgage bonds. Usually this class of investors are anxious to intensify the depression of prices, hoping that the holders of the second and third mortgage bond-issues will be forced to let go, when the holder of the first-mortgage bonds can bid in the property, choose a reorganization committee, issue new stock, and list the same on the

board of the stock exchange, and thus perhaps entrap a fresh list of victims to be fleeced and buncoed by these "honest-money" men of Wall Street, who are constantly railing against the farmers of the West as anarchists and repudiators, when the real reason why these farmers are bankrupts and agitators is because they have not only been robbed of the stock which they subscribed for building the roads, but also oppressed by high freight and passenger rates. The Wall Street press have chanted this strain of added insult to robbery so long that the careless and unthinking throughout the land now believe it; for loss of respect almost always attends the loss of property, while increase of wealth as surely brings with it increase of respect and deference for those who have it, — which respect and deference grow in time into fear, so that to-day even the government dare not consult any section or class outside of Wall Street in regard to its policy in any emergency.

To show the pompousness and arrogance of the Wall Street clique in its edicts to the merchants, in order to coerce them into consenting to legislation in Congress, I will quote here the following extract from the Philadelphia *Press* (1893), the mouth-piece of that clique:

> There is real necessity for the early repeal of the silver law now from another point of view. The banks in all the

leading cities have determined not to lend money, except in the case of great necessity on the part of the borrower, until the Senate votes. Merchants are suffering for cash, and they are like to suffer more this month and next. Well-filled bank-vaults are locked against them until a slow Senate repeals the purchasing clause of the July law. Such a spectacle was never seen before. The bank reserves are larger than at any time this year, — they are nearly as large in New York as they were a year ago, — yet the whole commercial community is inconvenienced, and is in danger of bankruptcy, because cash is not available until the Senate acts. The New York banks long ago locked up money, and last week it was publicly announced that the Chicago banks had done the same. Mr. Thomas Dolan, one of the leading manufacturers of this city, is quoted as saying: "A president of a trust company has said to me that he has $1,000,000, and he knows of $35,000,000 more, ready for investment as soon as the Senate passes the repeal measure." Mr. Dolan's statement is absolutely true. In Boston the same state of affairs exists. Therefore repeal is imperatively demanded by the mercantile community. Thousands of solvent business men, looking into the future of but a few weeks, see ruin and disaster if the Senate doesn't vote, or if the bank officials don't relent.

While the demonetization of silver, in India and the United States, was of the utmost importance to the Lombard and Wall Street conspirators in the way of adding power, financially and politically, to the world's moneyed aristocracy, the plotters of this outrage had an ulterior motive, by the successful accomplishment of which they hoped to reap, and have reaped, a rich harvest, — namely, to wreck our railroads by means of the hard times

intentionally produced for this very purpose. As a result of this wreckage, one bold and unscrupulous operator already has control of fifty-two thousand miles of American railways, and is turning heaven and earth so to control financial legislation, by converting all outstanding money into non-legal tender, and thus depressing values and business, as to force the balance of the roads of the country into the hands of receivers, and form one gigantic railroad trust of which he may pose before an astonished world as its president. Wall Street has set up the cry in its press that it would be a dangerous political power in the hands of the government to have it come into ownership of the railroads; but not a word is said about the danger of having them come into the hands of one man, an agent of a British syndicate. In order to get possession of these roads, think of the millions of innocent investors who must be squeezed out of every dollar they own in the world, and whose numbers must be added to those whose life's happiness has been destroyed already by this same British-paid exploiter in robbing them of fifty-two thousand miles of railroad! Yet this man is fairly idolized in Wall and Lombard Streets, and the gates of the court of St. James and of the Capitol at Washington are swung wide open to give him fulsome reception. This climax to a system forced upon the nation by the Wall Street bankers, at a time when our country and freedom were

almost in their death throes, is the vision which Abraham Lincoln saw when he wrote, just before his assassination, the following letter to a friend:

> As a result of the war, corporations have been enthroned, and an era of corruption in high places will follow; and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people, until all wealth is aggregated in a few hands, and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless!

This gigantic scheme, plotted in 1862, was so powerful in its very incipiency that, with a nation divided against itself, even the lion-hearted Lincoln could not at such a time throttle it. Having once gotten control of national legislation, it has not only not let go, but has entrenched itself in every department of government, and can now bid defiance to the rest of the country. Well may thinking men tremble for the safety of their country; and when they look into its future, no wonder they ask, "Where will this power stop?" Already we have not less than three millions of men who, under the present withdrawal of money from active enterprise, can no longer find employment. This clearly shows the falling off in the nation's wealth-productive power; and this lack of employment and consequent falling off in increase of wealth will keep pace with the rapid

centralization of wealth. The distribution of wealth starts enterprise, but the concentration of wealth deadens and benumbs enterprise, and in the end is the death of it. Every trust and syndicate, every combine and corner, of which so many are now daily being formed, gives evidence of how rapidly the decay of our productive forces is taking place.

To curtail production — that is, to stop further creation of wealth — is the aim and object of every combine. While this means disease, and ends in death, you will hear men high in power, in order to protect these monstrosities, declare that trusts are a public benefit! Does it not come with ill grace from a member of the President's Cabinet, — who, with all his colleagues, is sworn to execute the nation's will, — to state, in a public address, that trusts, combinations to restrict trade, are a public benefit? If this is true, then the more we have of them, the better. But when every manufactory, every railroad, and all the mines and land are in the hands of trusts, it will mean that all the separate trusts will be combined into one grand Trust, which will control all the industries of the country, and hold the keys to all enterprise; and then whoever would embark in any business venture — if any would be so audacious — must first get the consent of the great Trust, and thereafter pay tribute to it. Under such a régime as this, prices would no

longer be based on the cost of manufacturing, because the object of organizing a trust is avowedly to manufacture at a minimum and to sell at the maximum figure. A trust is formed primarily to force prices to the highest bearable point for profit, — that is, to the point verging on rebellion on the part of the people. The people, however, can never repossess anything once fairly in the grip of a trust, no matter what exorbitant price is charged. Take the commodity of oil, for instance. All the oil fields are in the control of the trust, and how can the people ever get possession again? The trust could double its price, and under trust conditions the dealers would be helpless. Will they import from the Russian fields? But here they would meet with a double barrier. The Russian dealers are under trust contract not to sell within our territory; should they do it, retaliation on the part of the trust here would be the result. But even if oil could be brought from abroad, the trust has such complete control over national legislation that they could prohibit by tariff its introduction. The trust having once gotten control, the market becomes its slave, and the matter of price is a question of policy only. As to the cost of production, that depends on the cost of labor; but a trust no more considers the welfare of the laborer than it does that of the consumer. To pay the least possible to the laborer, and to charge the

most possible to the consumer, — and to carry this policy to the very verge of forcing both laborer and consumer to open and forceful rebellion, — this is the cold-blooded method of every trust. Yet a Cabinet Secretary says that trusts are public benefactors; and Cabinet Secretaries, are, of course, "all honorable men!"

This trust principle can be carried out as effectively in farming as in any other calling in life. Numbers and area play no part in it. A "promoter" knows his profession. The farmer says the trust can never include tilling the soil in its many monopolies. The tanners of leather once made the same idle remark; but to-day if there is a tannery outside the leather trust, it will be inside it, or in bankruptcy, before long. How can the land be tilled by a trust? Under the bank-money trust the railroad trust will have every railroad in its power within five years, at the average rate of confiscation of the past five years. Nearly all the bonds on the remaining roads outside the trust have been written in condition of gold payments to this end. This same bank-money power can confiscate all lands whenever it desires. It only needs to contract the money volume sufficiently to reduce values of products and land, to dislodge every farmer in the land. This was done in England. When the Lords of England desired to get hold of the land, they first made all obligations payable in gold, and in fifteen years they

reduced sixty thousand landholders to seven thousand; and the banks would only need to get this same legislation through our Congress to accomplish this same result here. We are as yet only in the incipient stages of this trust principle. It logically leads directly back to the feudal system in any country where it once gets a foothold. Of course the Lords of the Dollar in this country will not touch the land until the public utilities are safely in their holding; but when their fortunes become unwieldy from their magnitude, and all other forms of investment have been absorbed, recourse will then be had to the land for security, and also for the purpose of controlling the vote of the tenants. To show what can be done by making mortgages payable in gold, which the moneyed aristocracy are now practising on the farmers of the nation, it is only necessary to quote Daniel Webster, who said: "When our paper money is made payable in specie on demand, it will prove the most certain means that can be used to fertilize the rich man's field by the sweat of the poor man's brow." To make all obligations payable in something impossible to get is a trick being played upon the unsophisticated farmer by the banker, which it would make a footpad feel abashed to be caught at. Yet this is the low, mean, and contemptible trick which the moneyed class in this country copies from the British system adopted in 1819 for the same purpose. Yes,

the trust will do it all. Gold was the first commodity fastened on by the trust, and to-day it is hard to find anything free from its grasp.

To understand the evil effects of falling prices, one must be interested financially in some enterprise; then he will feel the shrinkage of values in materials, in mills, farms, or other property. He will then find he must employ commission men and agents to do the very work which the buyers once did by looking for goods themselves. Now the hard times force the manufacturer to hunt a market. He is compelled to employ men to scour the country at his expense. This he cannot charge to cost of goods, as the large concerns which come to the market are allowed the amount on bill paid to the commercial traveller. The buyer who could not obtain this allowance could not hold his position. Under the hard times, growing out of continually falling prices, the mill men are forced to open warehouses and sales-rooms in cities, and resort to commission houses. The commission-house men, tricked into believing in advancing prices and a boom by politicians who serve the banks, encourage the mills to make large stocks of goods ahead; upon these the commission men advance money borrowed from the banks. But the trade is disappointing; prices drop, and the borrowed money comes due. The bank or the manufacturer in this case must suffer; and the manufacturer is sacrificed to save the bank.

In hard times the commission man is forced to work for the buyer, because when the times are good, prices are constantly advancing. With a large volume of money in circulation every one turns buyer. The mills are sought by the buyer; the commercial traveller and commission house are therefore out of an occupation, for under prosperous times the mills have orders a year ahead, and every piece of goods goes from the mill by the fast freight-train direct to its anxious customer, and not to a commission house as under falling prices, to be hauled and picked over, and finally slaughtered by the commission merchant in order to earn his anxious pittance of a commission. But under hard times the scene radically changes. With our money destroyed and bank credits substituted, the mill men have enormous burdens to carry, — accumulated stock of unsold goods, slow collections, small or no profits, and a long list of discounted paper at banks, some of it asking extension. This the commission man thoroughly understands, and he unloads at an inside price ("confidential, of course!") which it is hard for other dealers to get above the next day. Yes, these are some of the "blessings" of low prices growing out of Cleveland's "wise" financial legislation in cutting the nation's volume of currency short by $50,000,000 per annum, — a total difference of $300,000,000 in six years; and this contraction is still going on with its uninter-

rupted "blessing" of low prices! The "blessing" of low prices always results in taking the home and the farm, as well as the little savings of years, from the toilers, and handing them over to the rich, the class which never toils.

In consulting with members of the trade, and reviewing tables, I find that cotton has sold as high as $1.96 per pound, and recently as low as 5 7-8 cents; and I was also informed by this same authority[1] that standard print-cloth has sold as high as 38 1-2 cents, and to-day is selling for 2 1-8 cents. Just imagine the profit on one yard of cloth at 2 1-8 cents, compared with a profit on 38 1-2 cents per yard! Think of the wage-scale adjusted to 38 1-2 cents, compared with 2 1-8 cents for the same amount of work! What a "blessing" the 2 1-8 cents wage-scale must be to the workers!

In connection with the fall in prices I will here quote a business letter sent out by Messrs. Williams, Yerkes & Co., 627 Market Street, Philadelphia, in October, 1885. In this letter Messrs. Williams, Yerkes & Co. quote the prices issued August 27, 1864.

Dear Sir: — Thinking you would be interested in comparing prices of twenty years ago with those of the present, we send you a copy of a price-list issued August 27, 1864,

[1] I am indebted to Mr. Clinton V. S. Remington, 19 Bedford Street, Fall River, for quotations on raw cottons and print cloths.

by one of the largest dry-goods jobbing houses. These prices, we believe, were the highest of war time; we think the *lowest prices have now been reached*, and confidently look forward to an early improvement.

Very respectfully,

WILLIAMS, YERKES & Co.

PRICE OF ELEVEN STAPLES.

	1885	1898
Prints.		
Cocheco	.06	.04
Print Cloths	.03⅛	.02 1/16
Ginghams.		
Lancaster	.07¼	.04½
Bleached Cottons.		A
New York Mills	.09	.08
Lonsdale	.08	.05 8/10
Hope	.07	.05⅝
Brown Shirtings.		
Pepperell R 4-4	.06	.04½
Atlantic A	.06	.04⅞
Brown Sheetings.		about
Augusta A	.05½	.04¾
Lawrence LL	.05¼	.03½
Tickings.		
Amoskeag A.C.A.	.11½	.09

What was the picture in 1864, when the high prices prevailed, and when the income-holding classes were so enraged at the high cost of living? To show what it was, I quote the following table presenting prices as they were in 1864, with a column of the same line of goods and prices prevailing to-day, showing the percentage of shrinkage:

	Aug. 27, 1864.	March, 1898.
Prints.	NET	
Cocheco	50	4
Merrimack	50	4½
Sprague	46	
Indigo Blue	47½	
Turkey Red	46	
Solid Colors	47	
4-4 Purple	60	
American	45	3¼
Pacific	46	3½
Dunnell	43½	3
Lowell Dark	39	
" Light	31	
Wamsutta	39	
Arnold	38½	
Amoskeag Pink	43	4¼
" Purple	42	
" Shirting	41	
" Ruby	42	
Malory Purple	42	
Rhode Island	38	
Suffolk	41	
Garner Swiss	42	3¾ to 4½
Eagle & Neptune	32	
Cohoes Falls	25	
York & Amoskeag Mourning	40½	
London & Atlantic	43	
Ginghams.		
Roanoke	40	
Hampden	40	
Lancaster	48½	4½
Everett	47½	4¾
Canton Flannels.		
Hamilton X F Bro.	75	.05¼
Roanoke A A	44	
Naumkeag	77½	
" Blea.	80	
Portland "	72½	
Colored Corset Jeans.		
Pepperell	60	6½
Lewiston	45	
Androscoggin	43½	5½ A
Indian Orchard	43½	
Newmarket	43½	

	Aug. 27, 1864.	March, 1898.
Brown Shirtings.	NET	
Boot H 7–8	47½	
" O 4–4	54	
" S 9–8	60	5 A
Nashua D 4–4	60	
Pacific E 7–8	57½	5¼ A
" L 4–4	62	3¾ A
Atlantic E 7–8	57½	5½ A
" L 4–4	62	4 A
James 7–8	52½	
Dwight A 4–4	55	
Newmarket A 4–4	57½	
Great Falls S 7–8	52½	
" M 4–4	55	4¼
Pepperell O 7–8	56	4
" R 4–4	60	4¼
Salisbury R 4–4	60	4⅛ A
Hamilton A A 4–4	47½	
Brown Sheetings.		
All Standards 4–4	72½	4–4⅞
Atlantic R 4–4	63	
" D 4–4	67½	4¼
Nashua A	70	
4–4 Bleached Cottons.		
Hills's Semper Idem	65	5[1]
New York Mills	77½	8 A
Masonville	70	6
Androscoggin	71	5¼
Langdon { 76 / G B	63	6 less 5% / 7 less 5%
White Rock	74	
Black Rock	65	
Arkwright Water Twist	72½	
Dwight D	68	13

A signifies agents' price.

What a contrast the above table of comparative prices presents between the time when mill property was paying from fifteen to twenty per cent. profit, when new mills were going up all over New England, when operatives were building com-

fortable homes for themselves, when "help" were coaxed (not driven) to work, and were practically dictating their own wages, and the present time, when we have the worst market ahead which has ever been experienced in the history of the trade, with mill property an uncertain asset because earning no dividends and being heavily taxed, and with widespread strikes of operatives out of employment and suffering for the necessities of life! Yet this is a picture true to history, to fact; not a mill-owner nor a manufacturer will dare to deny it. Prices are ninety per cent. lower to-day than they were in 1864, and we now have ninety per cent. less of money per capita in circulation than we had then. Under our present social system, prices and volume of money cannot exist apart any more than could the Siamese twins. We cannot dispense with money as an instrument of association. We cannot have high prices with a small volume of currency, nor can we have low prices with a large volume of currency. Then why not increase our currency and raise our prices? Every business man is desirous of a rise in prices, and it makes him shudder when he hears of another drop in them. Yet for thirty years he has not raised his hand at the polls to defend his interests, because the bank shakes its finger at him and points to the need of discounts during the coming month. Is this liberty, is this a republic, when one class through government favoritism can make

all other classes pay it royalty and suppress all criticism?

Every man is trying to dodge the fall of prices. You will often see men pose as models of honor when discussing financial policies, especially when within hearing of their bank president. They want "honest dollars." They have "no confidence in men who are lax in fulfilment of every obligation they assume." But these same men, who, when they believed the market was going "out of sight," put in heavy orders for goods, — did they not then assume obligations which they, while discussing the dollar, believed in living up to? Any error of judgment in political opinion is made easy to bear by being shared by seventy millions of people; but not so with an order given to a mill, in good faith, for a million or two of dollars, at a fixed price, both taking chances upon a rise or fall in prices. Here is a chance to fulfil an obligation! But do they do it? Some honorable men do, but to their sorrow and loss. Under falling prices the mill men find another evil added to their already too many troubles, — namely, the countermand dodge, a thing never known under rising prices. Of course these orders are not countermanded ostensibly on the ground that prices have fallen, but on the ground that the "goods are not up to the sample," or "not delivered in time." Falling prices never develop higher morals in mercantile transactions. Men versed in

finance understand and can anticipate market and prices better than the average business man. They hold on to their cash, and take advantage of men forced to sell; they buy only when sellers are forced to sacrifice. They then can turn goods quickly, and avoid any fall of prices which are constantly taking place.

What the mill and factory men suffer is felt equally by the producers of raw material, by the men who create wealth, and are compelled to chase after a market that is lost. And never, until the great mass of the people are enabled to consume up to the normal standard, will these conditions improve; and this will never take place until prices advance; and prices will never advance until the nation's currency is increased to that point at which such an advance in goods can take place.

The world of economic thought justly places great weight upon the opinions of one of the world's greatest statisticians, Mr. Augustus Sauerbeck, F. S. S., of London, and his letter following, being the last expression of his views on these world questions, will be carefully noted.

This letter was received Feb. 14, 1898, and reads as follows:

LONDON, Feb. 3, 1898.

LYMAN F. GEORGE, Esq.,

DEAR SIR: — I have your favor of the 10th January, and as desired I send you the following: one copy of my

paper of 1893; one copy of my paper of 1897; two diagrams of prices issued in 1895, with the movements for 1895–1897 filled in; one extract from *Statist*, with my letter on prices in 1897. Detailed figures for 1897 will appear in the *Statistical Journal*, March number.

. . . I hold that but for the alteration in currencies and the diminished supply of gold from 1873 to 1886, there would not have been any fall [in prices] up to 1886 (as compared with the average of 1867–77 equals 100); or, at all events, it would have been much smaller.

Theoretically, it may be said that, if some articles fall, others should rise, keeping the average of periods unchanged if the currency increased at the same ratio as production, or at least as population, and if the system of paying, banking, etc., remains unchanged. But things generally do not remain the same, and it is consequently impossible to lay down a mathematical rule. Besides, a list of prices must always be incomplete, and it is impossible to aggregate prices of everything that is paid in money. Wholesale prices are the most important, but they can only give a rough idea of the movements. To maintain prices to a constant level is impracticable. I remain,

Yours truly,

A. SAUERBECK.

To show further the actual condition of the New England manufacturing interests as they exist to-day, after over thirty years of falling prices, — a fall of 91 per cent. from 1865 to 1898, — I will quote from an editorial from the *Daily Dry Goods Record*, of New York, of March 29, 1898, which reads as follows:

For nearly, if not quite two years, the cotton industries have struggled against impossibilities, while the results

attending their best endeavors have gone from bad to worse. There are few, if any, exceptions to the rule, while the losses have reached fabulous figures, — figures which all would have declared as ruinous and certain to involve the industry in bankruptcy, if two years ago the manufacturers could have seen such a handwriting on the wall. The sales of manufacturing stocks at Boston every week tell the story of steady losses and no dividends, and will continue to reflect them while the mills continue to pursue the policy of "After me the Deluge."

As it is ours, so it should be the sole efforts of the mills to recover the market for goods from the slough of profitless prices into which it has floundered so long, and into which it has sunken deeper with every endeavor to extricate itself. To say the least, it is an unfortunate condition for many reasons, not the least of which is that the mills are not in business to continue losing money as they have done for two years. It is frequently charged that if the export trade was of usual proportions, the mills' business would be better. In the matter of quantity or yards of goods, the export shipments show a fair gain over last year, when there was a sharp increase on those for the previous year.

The root of the evil lies deeper. It is from the overproduction of last year, when the masses were not equipped to provide their necessities, because of an old indebtedness having drawn so heavily upon their earnings.

If the above is a correct statement of present conditions in the trade, and this after the country granted all the legislation asked for to help New England industries, how long, I ask, will it be before the business man will be forced to acknowledge the mistake made by the legislation of 1866, for the purpose of reducing prices, in

order to produce better times? Does it not remind one of the epitaph on a gravestone, which reads, "I was well; I took physic to get better; and here I lie?" Though we have degenerated so far from those times when mills were building everywhere, and paying dividends of from ten to twenty per cent., and though we have been persisting for thirty years in the direction of lower prices, until conditions described in the above editorial have been realized, we still find no move made to reverse the system which has resulted so disastrously to all, except to those who were instrumental in forcing that system on the country. How long must these conditions continue, and how much lower must prices go, before some clear-headed and courageous man will demand a halt in our downward course, and a vigorous effort to restore values to the property and products of the mills?

NOTE. — The table on page 188 is my own; while that on pages 189 and 190 is the one sent out by Williams, Yerkes & Co. The former shows an average decline of twenty-seven per cent. since Williams, Yerkes & Co. of Philadelphia so *confidently looked forward to an early improvement;* and the Author extends his sympathies to their successors, Messrs. Yerkes Bros. & Co.

CHAPTER XV.

REVIEW AND SUMMARY CONTINUED.

Bimetallism.

BIMETALLISM versus Monometallism is likely to be a question over which the conflicting interests of nations will contend for many years. It is more than a national question; it is a world question, because the contending forces that are trying to settle it belong to no one nation, but are found everywhere, — namely, producers and non-producers, the struggling poor and the grasping rich. As the producing classes feel the merciless iron hand of the money-power griping them tighter and tighter, they very naturally begin to look into the methods of that power, and inquire by what means it is increased and perpetuated. Its chief method of self-increase and perpetuation is a shrewd manipulation of the world's money. In all civilized countries two metals have been recognized as money, — gold and silver. As one of these metals has been dropped by certain monarchies and despotisms, — nations in which the producing classes have no voice, — and as in this republic the same thing has been done by fraud and trickery, before

the masses knew anything about it; and as this disuse of one metal has been followed by results ruinous to the value of all property in the hands of the producers in every nation where silver has been demonetized, while the few nations which still retain the white metal are to-day undisturbed by falling prices or business distress, — it is natural, and seems reasonable, to conclude that the demonetization of silver has brought upon the workers of the world the burdens which are now pressing them to the earth, and that only by the remonetization of silver will those burdens be removed. There is much to sustain this conclusion, and many facts may be brought forward to confirm it.

We have only to cite Mexico, which in 1873 had the same measurements upon commodities that we had in the United States. To-day our prices are not one-half, and on many commodities not one-third, as high as those prevailing in that country. In 1873 the cotton-growers in the South received fifteen cents a pound for cotton, and the price was the same in Mexico; but in 1895 the Southern cotton-growers received but five cents, while in Mexico no change in price had taken place. The same prices ruled alike in both countries in regard to wheat, which was about $1.50 per bushel in 1873. But in 1895, while there had been no fall in price in Mexico, the price in the United States had fallen to forty-five cents. These facts are

startling and significant, and not to be overlooked.

It is the general opinion of men of large financial transactions that the property and commodities of this nation will not pay the obligations against it. In 1892 the estimated wealth of the nation was $70,000,000,000. In 1894 the different authorities, in estimating the indebtedness of every existing form in the nation, varied from $28,000,000,000 to $34,000,000,000, — making an average of $31,000,000,000. In one year, 1893, values fell fifty per cent. on an average; some fell a great deal more than that. Cotton fell from 12 cents to 5¼ cents a pound. Beeves from 8 cents to 3¾ cents, and wheat from 95 cents to 35 cents. In regard to property in 1893 and 1894 there was no fixing the amount of fall, as the encumbrances on it, no matter how small, in nearly every instance took the property; and all commodities which were not artificially bolstered by patents, combinations, trusts, or syndicates, tumbled one-half. To select a few articles like oil or sugar, bolstered by the trust and trust legislation; or wool, the price of which has since been lifted higher by legislative propping, — is not worthy of argument. Take away the extraneous props, and let these articles come down with other things until they rest on the single-metal basis of measurement, then be weighed in the same scales where the farmer and laborer have been forced to weigh the values of

their products, and it will be found that the claim of a fifty per cent. fall is not an exaggerated statement.

Thus it will be seen that if the debts of the nation were one-half of the valuation of its wealth in 1892, and the prices of the material wealth have fallen one-half, the creditor class now own the property and commodities of the country. Therefore it will be seen that the first thing to be considered, in changing the measurement of value upon property through financial legislation, is to find out if there is any outstanding indebtedness in a nation.

Perhaps I cannot show this better than by returning to the contrast in prices existing in Mexico and the United States at the time silver was demonetized in 1873 with those of twenty years later. Let us take two ten-thousand-dollar neighboring farms, in 1873, with only the Mexican line dividing the same, on which each owner had placed a five-thousand-dollar mortgage running twenty years, with bankers in their respective countries, at six per cent. interest. It will be seen that it will take the value of two hundred bushels of wheat from both the Mexican and American farmer, the first year, to pay the interest. It will also be seen that while the Mexican farmer has continued to pay and is still paying his interest with the value of two hundred bushels, the American farmer, under the change of our financial

system in measuring values by demonetizing silver, is now and has for some time been forced to pay his interest with the value of 666⅔ bushels, — thus having been the loser of the difference in value of his crop compared with that of his neighbor; but this is not all of his loss. A farm is worth only that which it can pay in interest upon investment, and as a natural consequence the value of a farm falls in exact ratio with the fall in price of its products. Thus while the Mexican crop-prices have been sustained for twenty years, and the Mexican farm still remains at its 1873 value when mortgaged, the value of the American farm and its crop has shrunken. It will be unnecessary to add that under such terrible odds the red flag, not of the anarchist, but of the sheriff employed by the mortgage-holder, has put the American farmer and his family out in the road; while all this time the Mexican farmer has been living in comfort and luxury. All this time, however, the New York City bank papers have been telling their gullible readers how dear everything was in Mexico, a nation of cheap silver dollars; and also how much better off the people are in this country, where things are cheap, and money has great purchasing power. Yet no doubt the American farmer is still wondering how it was that he lost his farm, when he grew just as much wheat and lived just as economically as did his still well-to-do Mexican neighbor. To be sure, he

did not receive as high a price for his wheat; but every banker, broker, and bondholder told him that the money he received would buy double as much as the Mexican silver dollar paid to the Mexican farmer, and, unless the farmer has studied finance for himself, he probably is to-day still trying to solve the problem.

The manufacturers of the East have suffered greatly from the loss of the protective principle in having the silver dollar legislated out of their coinage; for while it has caused a shrinkage of one-half the value upon their mills and machinery, and kept up a constant fall in the value of stock carried in the mills and in the hands of merchants and warehouses, it has at the same time shut the gates of protection. The manufacturer has got to learn that the better our money becomes, the more really "honest" it is, the more inducement the foreign manufacturer has to bring his goods here to get it.

Let us put the gold-standard manufacturer on the witness-stand. He will tell us that our silver dollar is worth only fifty cents, and that to have the free coinage of such dollars would require double the number with which to buy from Europe. Grant it. But now let us see how, on this new basis, the foreign manufacturer selling in this country will come out. He ships over $1,000 worth of goods, and sells at the same price that the American manufacturer gets. The American

manufacturer goes home and pays a thousand dollars of debts for material and wages. How about the foreign manufacturer? Does he go back and pay a thousand dollars of debt with his $1,000? Oh, no! he goes to a broker and buys exchange, and gets British gold; and he will receive (taking the statement of our gold-standard manufacturer) just $500 in gold, and he will pay just $500 in debts; and his experience in his first shipment of goods, after we have the free and unlimited coinage of silver, will teach him that we have more than one way to add 100 per cent. tariff to protect our manufacturers. Our manufacturers don't understand this, but the free-trade importer does; consequently he is intensely bitter against the free coinage of silver in this country.

The New England people have had the idea whispered into their ears that while the West and South would be injured by the gold standard, the manufacturers of the East would be benefited. The reason laid down to substantiate the claim is that gold measurement on Western and Southern products would force prices down from a silver standard to a gold standard, which means a drop of one-half their value; while the East, being a raw-material using section, would be able to buy for one-half the former prices.

Now, this is the truth; but wherein has it benefited the East? The East once paid forty cents for cotton before silver was dropped out of

our coinage; to-day cotton can be bought for five cents. It has ruined the South, and it has not benefited the East. The cotton industries of New England are paralyzed, and the mill property has shrunken in value with the price of cotton goods, which have touched 2⅛ cents to-day; while the operatives have been brought down to the verge of want. The Boston papers made an investigation into the conditions of the New Bedford workers, and brought to light a condition of things which, so far as want of food and fuel is concerned, the Southern slaves never knew. As the Spanish forces in Cuba conducted their campaign by the method of starving the inhabitants into a surrender, so the mill operators in New England are determined to keep their mills closed until their workmen are compelled by absolute hunger to return on reduced wages. This brutality is the outgrowth of legislation which received the solid support in Congress of the Republican New England delegation, while in effect upon our industries it was a Democratic free-trade measure. A gold standard means free trade, and free trade means a gold standard. To talk of protection and a gold standard is like talking of a white blackbird. Yet New England is not alone in this dense ignorance, for it is a common thing to hear leading Western and Southern men declaring for free trade and free coinage. These men simultaneously want free trade to reduce prices and free silver to raise

them; which is like trying to open and shut a door at the same time. One thing is certain regarding this question of free trade and a gold basis, and that is that England is frantic to get the United States to adopt both. She wants a gold standard, to reduce the prices on all our raw material and food, upon which she depends for her mills and operatives; and she wants free trade, to enable her to sail her ships into our ports with her manufactured goods (made of our raw material) without any customs charge upon them whatever. This policy would result in reducing our farmers into tenants and our workmen into tramps. The reverse of this policy would be to reëstablish the free coinage of silver, thus raising the price of all raw material and thereby protecting the farmer and cotton-grower; to keep out all goods which take work from our workmen, thus protecting factory and farm alike; and then to give all British-paid political economists in this country, whose whole aim is to pit the East against the West, by teaching the West free-trade and the East gold-standard doctrines, a free passage to Europe, with the command never to set foot on our soil again. These British emissaries attend all our national conventions, with Wall Street's endorsement; and if a Democrat is nominated he must be a Free Trader, or if a Republican is nominated he must be a gold-standard man. England has kept this up for twelve years, and in consequence our country has

been ruined in both the farming and manufacturing sections.

Is it not time for Americans to unite and stand up for Americanism? It will be impossible in the very near future to find men in power in this country, who favor a gold standard on the one hand, or free trade on the other, whom we could trust in case of war with any European power, especially with England. This is self-evident, so long as they continue to get support from English editorials and English donations to carry their elections. Men so elected would, of course, favor England. To-day, whether a President is for free trade or for a British gold system, he and his supporters stand together for the adoption of British-American treaties, drawn up in England, while all the British press of this country unite in extolling the advantages of such treaties to America. What would be thought of a treaty drawn up out West by wheat-growers, or in the South by cotton-growers, and sent to the House of Lords for their signatures without alteration? It would be considered an insult by the very British-American papers which so highly commend the British treaties sent here. Therefore unless we assert ourselves as Americans, and establish an American system in money and trade which will give greater protection in values to farmers of the West and to the workers of the East, we may yet see British fleets over here demanding pay-

ment of debts to them in the kind of money dictated by England and Germany; and with a President in the White House controlling our army and navy, and in sympathy with a British free-trade system or a British gold-money system, the people of America might find themselves in an awkward position, for with the banks and metropolitan press against the protesting people, it would not be easy to get our government to defend vigorously American interests. We must bear in mind that our hard times have come upon us during an uninterrupted period of thirty years of great crops, and that during all this time our nation has been in peace with all other nations. This fact, taken in connection with this other fact that during all this time we have had parties in power who were strongly committed to the systems which have wrought this ruin upon us, and that we have had in our midst millionaire politicians denouncing vehemently all attempts on the part of the people to change these systems, shows what a hold the money-power has over us already; and unless this power is brought down under the control of the masses, the time is not far distant when it will attempt a move for an oligarchy similar to that undertaken by the slaveholders. Certainly it has gone far enough in this direction already to cause widespread alarm among the working and farming classes of the land. The moneyed aristocracy of England care nothing for

their tillers of the soil or for the workers in their mills; they are for the throne and the lords and gentry every time. So the same aristocracy in this country are indifferent to the interests of the toiling masses, and mean to perpetuate their own at all costs to the people.

To show that silver is as helpful in other countries in raising prices as it is claimed it would be here, I will quote from Moreton Frewen, of England, who said:

The most startling economic phenomena in the history of the world's progress occurred during the first half of the seventeenth century, when the value of land in England rose from five pounds an acre to twenty-five pounds, when wages rose from two shillings a week to twelve, when wheat rose from a shilling a bushel to four shillings, when all prices of whatever commodities rose in the short period of thirty-five years from three to six hundred per cent. Now, no writer has ever questioned that this phenomenal rise of all prices was caused by that vast mass of silver from Potosi which, flowing into Europe in the hold of every Spanish galleon, was admitted to free coinage at all the leading mints in Europe. And if, as Adam Smith, Mill, and every eminent writer has expressly admitted, that great rise of prices was caused by the free coinage of the silver of Potosi, does any one question that had all that silver been suddenly demonetized and deprived of its legal-tender value, after prices had been thus elevated, all prices must have fallen again just as rapidly as they rose? and where then would have been the property of the honest investor who had bought his land for twenty-five pounds per acre, leaving, say, one-half of the purchase money secured by a mortgage on that acre, if the acre had fallen in value

to five pounds because of this tampering with the currency? And it is this confiscation of property, — of vested rights, — by the manipulation and contraction of the Western currencies, which forms to-day what we call the Silver Question; and seeing that for all the world the silver question was cradled in America, America is bound to exert herself and help us all out.

It will be seen by the above quotation that the influx of silver from the mines of Potosi, and its free coinage, gave new life to all the nations of Europe, and that prices advanced from three hundred to four hundred per cent.

The silver men understand this principle in finance to-day thoroughly. They are well-read upon the effects it has upon prices and business to coin silver freely in any nation, at any time and under all conditions. They know it is beneficial to the masses; and they know therefore that a voter who once becomes a convert to free silver will remain one, notwithstanding that by some powerful political influence or pecuniary inducement he may change his *vote* to the gold side. Hence this question of the free coinage of silver, as a party issue, is sure to overshadow all others until it is solved in some manner which will give the people a living chance in the world. Should, however, prices advance two hundred per cent. on labor and commodities as a result of the free coinage of silver, it would take the masses ten years to regain the positions they held in relation

to the investing classes five or six years ago, and it would take twenty years under it to get back to the relative position held thirty years ago. The silver men understand the motives and spirit of the rich in regard to the reduced conditions forced upon the people. The money-powers intend, if they can, to keep the people just where they are; and, if they will submit to it, to reduce them to a still lower condition. The silver men know that the only way the rich can do this is by making the gold basis permanent, and by destroying all legal-tender money outside of gold. But the silver men also know that the gold men will have troubles of their own, very soon, resulting from their gold system. It will not be long before it will become evident that only the richest among the rich are gainers by the constant fall in prices, and that the state of things developing from their system will not only make values, but life itself, insecure. It is such a state of things to which the silver men look ahead in basing their calculations for the final and complete success of their cause.

The bimetallists have the advantage in the coming struggle, from the fact that they are a unit on one point; that is, that the withdrawal of one of the money metals has created a fall in prices, and a general disturbance in business throughout the whole world, and that business can never be restored until prices rise to the normal level existing before silver was conspired against

by the legislation of the world. This unity of sentiment in the silver ranks contrasts strongly with the mixed up, conflicting, and multiplied opinions put forth by the gold advocates. In fact, the gold men do not hold out any plea to stop or cure falling prices and hard times, but are inclined to think that it is none of their business and belongs to the realm of an international bank oligarchy. Many of them claim that they know nothing about the question at all, but leave it to the bankers; and, in turn, the bankers leave it to Europe to settle for us. These gold men have been told by the bankers that the investments of the multi-millionaires must be paid in gold at the time of maturity, regardless of the kind of money they paid when investing, in order to maintain the honor and credit of the government; and here they close the argument on finance, and branch off on some one of the many superficial notions growing out of the hard times which are seriously effecting their personal calling and interests in life. Hence it is that we see fine-looking, well-bred, and well-educated men in the gold ranks contending with one another, — some claiming it is "overproduction," others "free trade," while many assert it is "lack of confidence," etc.

There is, however, one very significant difference between all silver men and gold men; the former are all in favor of good times, while many of the latter are satisfied with the present times, and can-

not see that anything is the matter. The silver men are all in sympathy with the toiling millions; and they always hope for the success of the cause of the laborers when they engage in their unequal conflicts to prevent further oppression on the part of capital. They sympathize indeed with the oppressed of all nations, as illustrated in their attitude in Congress regarding Cuba. They are thoroughly American in sentiment, and loyal and patriotic as citizens; they do not toady to Wall Street, nor to foreign nations or foreign systems; they are opposed to creating bonds for the purpose of sheltering the rich from taxation, and are against granting enormous tracts of American soil to foreign syndicates, or entering into entangling alliances with European nations. On the other hand, we find the advocates of the gold standard in the closest touch with Lombard Street investors; in fact, the gold men have surrendered all our financial legislation to the banks, and are wholly guided in formulating an opinion by the press editorials of Wall Street. You can scarcely find a gold man who expresses a desire to see strikers win; they have little or no sympathy with the producing or laboring class. There is no bond issue, no contraction scheme, no foreign policy proposed by their party now in power that they do not approve; and while they assert that the financial question is not a party question, they are always ready to betray or desert their party unless

it inserts their gold doctrines in its platform. It is this spirit on the part of the advocates of the gold standard which drives all factions of opposition into one party. The lines are already drawn between the producing and non-producing classes; and it has come to be a question between those who pay taxes and those who receive these taxes in interest money. There is something more than the question of metal in the dollar at stake on the part of the monometallists. They want strong government and class privileges; they are in favor of long terms of office, of biennial sessions of legislatures, and of denying all rights of labor which capital is bound to respect.

While, however, the silver men to-day as a body are conservative, and believe that the restoration of silver to its former position (one which it has held from the establishment of our government) would satisfy a large majority, in the present distress it is not safe to depend upon it for permanent relief. Had the free coinage of silver been accomplished in the last election, it would have closed for a long time all financial agitation; but not so to-day. Nothing short of the elimination of the redemption principle in our money will satisfy at least five millions of voters in this country. The Populists have cast over two millions of votes, and are a unit upon the theory of paper as primary money; and at least one-half of the men who voted for silver in 1896 can be counted upon

as advanced beyond the money principle of monarchists and despots. This party for an American money will hold a balance of power even after the free coinage of silver has been gained, and agitation of the money system will be continued until the social conditions respond in full measure to the advanced mental state of the people. To-day many of the best minds of the country believe that the rich of the world have made the mistake of their lives in attempting covertly to drop silver from the world's money in order to double the values of their holdings; for they will not only fail in this attempt, but they have started an agitation which will end but in the extinction of both gold and silver as money, except with a few small nations which have no standing commercially, and are not much higher in civilization than the pirates of old.

Immigration.

While the laboring classes are complaining of immigration working an injury to their interest (and probably no one can be found who will deny it), they are brought face to face with the fact that wages are getting so low, and so many are out of employment, that their argument will soon fall to the ground on one essential fact, — that is, that there will be no longer any immigration to this country. If our present systems continue, we shall have to complain of emigration instead

of immigration. With a monetary system adjusted to the interests of the many instead of the few, our country cannot have too many men who are strong, healthy, and brainy, as every such man will add to our wealth-creating power, and, at the same time, consume more than he produces; instead of adding to our accumulated goods, he would help reduce the supply on hand, thus making work for others in replenishing the same. Let us have a volume of money sufficiently large to force up wages until these men can afford to get married, to build a home, and fill it with furniture, and be enabled with their families to live as self-respecting beings should live, and then we shall have an insufficiency of labor. Men do not work overtime for the love of work. Give them pay which will allow of their living comfortably on eight hours for a day's work, and we shall soon find more work than men to do it. Then prices for labor will go up another notch, and the man will be enabled to increase his consuming power, while his producing power will remain the same. We must keep this fact constantly in mind, that the way to reduce accumulated stocks is to give that remuneration to labor which will enable it to consume more than it can produce. Under this principle our markets will always be short of goods, and wages will constantly increase. This, however, it is impossible to do if our volume of money is so small that fall-

ing prices force the employer to stop work, close his mill, and discharge his help. It is this power which the volume of money exerts over everything which controls the destiny of the world; and that is the reason why the rich keep control of the money-issuing power, and will fight before they will permit the workers to increase its volume to that extent where a rise in the price of labor and commodities will be the result. The rich produce nothing, so to speak; consequently they would receive no benefit from a rise on the price of things, while, on the other hand, they would be compelled to pay that risen price.

Trusts and Department Stores.

The trust is the modern iconoclast which has come to break in pieces all established systems of trade and commerce. Individualism cannot stand a day's conflict against collectivism. The trust has every essential feature of monarchy and despotism, in centralized influence and capital, to back its demands upon government and markets. It is, by its very nature, the ally of corporations. It has corruption for its corner-stone, and tribute for its capstone. It preys upon all smaller competitors, first assailing and then destroying them. It is the ideal system of the investing and moneyed classes; but it is the terror of the helpless masses, who are constantly being levied upon for greater tribute in their every purchase. Its influence at

the bank is such as financially to crush any competitor. The favors granted to it by the railroads in discriminations on freight will enable it to extend its power and to control trade all over the land. It has but one buyer, and he becomes dictator. The banks work with him, in squeezing the holders of crops and merchandise during the selling season, thus forcing them to sell at the trust's figure.

Under this trust system, I repeat, the people are powerless, as the trust heads them off through bribery, in every attempt made to protect themselves; whether in the courts or in legislatures, the trust's attorney, like the city detective, keeps the people under surveillance. If competitors are obstinate and troublesome, the trust does not scruple to trump up some criminal charge against them, thus involving them in ruinous expense; and with the judge on the bench, who is often a heavy holder of trust stocks, any appeal only carries the victim to a surer fate in the higher courts, where appointments are not seldom made in recognition of trust contributions during election. The trust is the monster which the rich love and the people hate. Its power over local merchant and producer, and over its hirelings in government, who refer to it as being a "blessing to the people," shows how far-reaching and to what dangerous proportions this octopus of greed has already attained. The trust is the handwriting on the wall, foretelling

the bankruptcy of the merchants and jobbers of our land. It designs curtailment in the creation of wealth on the one hand, and extortion from the people on the other. No nation can stand when its rulers join hands with such a monstrosity. The rulers, allotted a share in its profits, allow the trust to take the people by the throat while it rifles their pockets.

The department-store system bears the same relation to the cities and towns as the trust does to the whole country. While in some things the department stores and trusts are rivals, on the whole they are allies. If the trust completely controls an article and fixes its price for the whole nation, the department store will use that article and join with the trust in protecting its price ; and, in consideration of this, the trust forces the small dealers out of handling the article by giving the department store a rebate amounting to a profit. It is no uncommon remark to hear retailers in special lines say that they cannot buy at wholesale as low as the department store retails the same goods. Under such combinations there is not a spark of hope left for the future of small retailers. The only hope is that some day the American people will be so stirred by the monopolizing greed of their inhuman and brutal masters and tormenters, that, in their terribly distressed condition, — a condition forced upon them by, and growing out of the combination of capital, aided by

political parties and bosses, — they will rise up as a man and vote their oppressors, root and branch, out power, and put men like Andrew Jackson in their places. Yes, the American people must find a man with the patriotism of a Washington, the nerve and courage of a Jackson, the intelligence of a Jefferson, and the honesty of a Lincoln, before this terrible power can be dethroned. Such a man will not be found in Wall Street, nor will he receive Wall Street's endorsement, nor be elected by the aid of its pooled millions. Once elected, however, such a man will meet the bank kings, the trust promoters, the syndicate barons and railroad magnates, as President Jackson met Nicholas Biddle, the old government bank king; and when these Wall Street multi-millionaires present themselves at the White House and make their demands, first using bribes and afterwards threats, this man will answer them as President Jackson answered Biddle's hirelings: "Do you men come here to threaten me? If you dare to put any of your threats into execution, by the Great Eternal, I will hang you as high as Haman!" This nation has some such experience as this to pass through before the fall in prices can be stopped; before we can have a people's money; before we can put the people to work; and before a lasting prosperity can be restored to the country.

Overproduction.

When markets become choked up with goods, and there is no demand, the cry goes out from the merchants to mills and farms to stop shipment, because the country has overproduced! This looks so self-evident to the men whose stores are piled up with goods that, when taken into consideration with another fact, — that every country buyer says that his store is filled up with goods sufficient to last him a year, — one cannot wonder how general and popular the cry of "overproduction" becomes. It is evident, however, that these men do not look beyond their nose, which is kept right down to their sale-book and stock-book. They find the pages of the latter covered with invoices of goods received, while the former records but few or no sales. Inquiry among the dealers reveals the fact of this condition of trade being general, and as a conclusion the so-called "practical business man," in the most positive and dogmatic manner, asserts "overproduction" to be a glaring fact, and "has no time to talk with theorists in discussing the matter." The thought does not glimmer in his mind that national laws are never suspended; that Nature is always acting, always creating, and always utilizing. These men are like the farmers located on farms on the rich river bottom of the Mississippi, covering a thousand miles, but depending upon

irrigation, who, when a landslide takes place, completely damming up the waters, and causing the crops of the country above the dam to become submerged, and those below to become dried up, never go off of their farms to look for the cause, or give any time to reasoning about the matter; but all above the dam have a very positive opinion that there is an overproduction of water, while those below the dam are just as positive that there is an undersupply of it. From the narrow standpoint of personal experience they are both right; but from the broader standpoint of one who always traces effect back to cause, they are both wrong. By opening a channel in the obstruction in the river, and reëstablishing the normal flow of its circulation, these farmers would find that the too much water in the one case, and the too little water in the other, would quickly be restored to an equilibrium.

This is precisely the case of overproduction, or the opposite cry of underconsumption. From a limited view the fact is only too obvious; but a broader view is obtained when we follow effect back to cause for this unnatural condition of affairs. Let the merchants go to the mills and factories, and see if they have been doubling their output; that is to say, if stocks have doubled on the market. If the investigation shows no increase of output, then let them go among the consumers, and ascertain, first, if they have all the supplies

they need; and, second, if they have all the money they need with which to purchase them. By so doing, one will soon locate or fix upon the cause. If it should be found that the people need the supplies, but are without the money to purchase them, then it will not be the oversupply of goods, but rather the undersupply of money which causes the trouble; and by correcting the money-supply, by opening the channel of circulation of money, the accumulated goods — like the accumulated water above the dam — will soon be reduced, and flow into the hands where they are so much needed. Be sure and watch the interests of your workers, see that they receive sufficient remuneration to enable them to consume to the extent of their real wants, and then no accumulation of goods can take place.[1]

Supply and Demand.

Connected with the cry of "overproduction" is that one of "supply and demand." Just as a man's belief in certain religious systems is a barometer of his spiritual unfoldment and understanding, so his belief in regard to certain social-economical questions shows the degree of knowledge to which he has attained concerning the world's systems of money, and the understand-

[1] See Chapter VI., for a monetary system which will restore prosperity.

ing of their effect upon the law of demand and supply of things, including money itself.

An overdemand for goods means an undersupply, as much as an oversupply means an underdemand; and a regulator by which the law of demand and supply can establish an equilibrium is of all things the one most needed. That such a regulator exists in the volume of the medium of exchange, every financial authority of any repute fully understands. Here, however, the selfishness of man interferes. All excesses must pay a penalty. If men with tremendous capital and irrisistible influence control the making and execution of the nation's laws in their own interest, robbing the many to enrich the few, congesting instead of distributing the productions of labor, we must expect that the penalty will come in the shape of disturbance of the equilibrium between supply and demand. This penalty will bring to the merchant accumulated and perishable stocks, to the needy community a deprivation of the same, and to labor a great loss. All this, as a result of the avarice and cunning of a few men who have acquired political power, will continue until through suffering the people arouse themselves to action, and take the government out of the hands of those who legislate for corporations, banks, railroads, and trusts, and place it in the hands of those who will legislate in the interests of all. So long as this result is delayed, over-

production and underconsumption, and the disarrangement between demand and supply will not only continue but be intensified.

Machinery.

To ignore the great first cause which has disturbed and thrown our whole social system into disorder keeps us constantly dwelling on mere effects, and exalting these into causes. Thus we find men accounting for overproduction by attributing it to machinery. In the factory and on the farm, in the markets full of farm-produce and in the stores filled with fabrics of the loom, the general complaint is that with the aid of machinery the workers can produce double the amount of products needed by the people.

The reader will here notice the difference between saying that more goods can be produced by machinery than the *trade* demands, and the saying that more can be so produced than the *people* need. The deception lies in the use of the terms "trade" and "people." The rich buy always; they may vary in quality, but not in quantity, as the times change. The poor, however, can buy only when they have work and wages. It is not in the power of the people, even with the aid of the most improved machinery, to overproduce so far as the real wants of the entire community are concerned; but when a part of the community have lost the power to buy, and are no longer able to consume

to the extent of their needs, then *trade* is stagnated by overproduction, although the needs of the people are by no means supplied. To correct this condition, the one great first cause of it must be removed; that is, money enough must be supplied the nation — not in the kind of material, but in volume — to raise prices to that extent which will give to those who work sufficient compensation to enable them, as well as the rich, to be universally and always consumers. Then, instead of condemning machinery, the demands of trade will continually call for more and better machinery.

CHAPTER XVI.

CONCLUSION.

In conclusion, I claim to have made clear, and also to have substantiated, the following facts:

First, that from 1865 until 1872 no nation had ever experienced greater prosperity in every department of commerce and trade, in agriculture and manufactures, than the United States during that period.

Second, that during this time our nation enjoyed the benefits of the largest circulating medium ($65 per capita) of any period in its history.

Third, that in these years the producing and mercantile classes retained a larger percentage of the products they created than at any other given period in their experience.

Fourth, that the common people were then buying homes and furnishing them, were buying farms and paying for them, with the ready cash in hand, as the result of high wages paid for labor at that time.

Fifth, that the producing classes were then comparatively out of debt, and had money enough to keep the markets bare of goods, — a statement for which I will give authority a little farther on.

Sixth, that in exact proportion to the amount of money the nation at the close of that period called in and took out of circulation by converting it into bonds, prices fell, and times grew hard, causing prosperity to be succeeded by depression.

Seventh, that prices were the highest when our volume of money was the greatest. Secretary McCullough, in his report for December, 1865, said, "We now have about $2,000,000,000, nearly all in circulation among the people;" while in 1874, nine years later, General Logan said, "Contraction has gone on, until the whole amount of currency of every kind now outstanding is only $742,000,000." But Wall Street financiers were not satisfied with contracting our volume of money from $2,000,000,000 in 1865, to $742,000,000 in 1874, but clandestinely demonetized silver; and the silver dollar was not a "fifty-cent dollar" then, but a one-hundred-cent dollar, while the gold dollar, which was unmolested, was in comparison but a ninety-seven-cent dollar. Now, what effect did this contraction have upon prices and business?[1] We will let Senator Logan tell what kind of times we had in 1865, when McCullough, a tool of Wall Street, began to contract our volume of money. General Logan then said: "It was the contraction and increased want of currency, and not the superabundance, which produced the necessity for

[1] See the fall of prices, as given on page 7, from the *Tribune* Tables, from 1865 to 1875.

running in debt, of which there is so much said on this floor. Why, sir, the people were never freer from debt, in proportion to the business done, than in 1865, at the close of the war, when Mr. McCullough began his system of contraction, at the very time eleven millions more people were to be supplied." Such were the times in 1865, before contraction, as described by Senator Logan. It would be useless to picture the times in 1873 and 1874, after contraction's work had been accomplished, as every reader of middle age can remember the wild scenes which then took place from Maine to California. Nearly every financial institution in the land was shaken to its foundation. Stocks of goods were thrown on the market to raise money with which to pay notes, regardless of price, as a deck-load would be dumped overboard to save a ship from sinking; and this condition prevailed until 1878, when a relief measure was adopted which restored silver dollars to our currency. The United States Monetary Commission of 1876 reported three millions of people out of employment at that time, and partial relief only was perceptible as the silver dollars were coined and added to our volume of currency. Bread-riots and strikes prevailed all over the land, while in 1876 and 1877 eighty-six railroads, covering fourteen thousand, one hundred and seventy-nine miles, with an invested capital of $912,509,000, went into the sheriff's hands.

Eighth, that falling prices have continued until to-day, and are still falling; that every effort is being made by the money-power to stop the coinage of silver dollars, and to destroy all our present outstanding dollars (except the gold dollar), constantly aggravating the cause of the downward course of prices, of depression in trade, and intensifying the terrible condition of want and suffering in the ranks of the working-classes.

To show still more impressively the extent of contraction from 1865 to 1890, I will quote the statement of Mr. J. K. Hudson, a leading Republican editor, in April, 1890, who estimated the amount of currency at the close of the war in 1865 at $2,242,576,028.41, — a circulation per capita of $64. The amount of circulation in 1890, according to reliable authority, was as follows: "If I were deciding this case upon what I consider the best evidence, I should be bound to say that I believed the money in actual circulation did not much, if at all, exceed $500,000,000, — or a trifle over $8 per capita." [1]

When we had about $64 in circulation per capita in 1865, print-cloths sold at 38½ cents; while to-day, when we have a still smaller volume of money in circulation per capita than in 1890 (since for five years coinage of silver has been stopped, while commodities and population have

[1] Speech of P. B. Plumb, in the United States Senate, June, 1890.

been constantly increasing), print-cloth is selling for 2⅛ cents. I can, moreover, say, without fear of contradiction, that not an article can be mentioned which has not fallen in price to conform with this contraction of currency, except those protected by a patent, a trust, or a monopoly, or the price of which has been enhanced by flood, fire, or drought. Therefore I affirm that to attribute, as so many do, the terrible destruction of values on farm and plantation, in store and mill, and the wiping out of railroad properties, to "machinery," or "immigration," or "loss of confidence," or "overproduction," is simply to put *effect* in the place of *cause*. The great prime cause, as I have so repeatedly said and (I believe) shown, is that subtle movement inaugurated by the money-power to contract our currency, and bring it to a gold basis.

Thus, after a careful and studious investigation, — prompted thereto both by self-interest and an interest in behalf of my fellow men, — I have reached the conclusion that the great and persistent fall in prices which has taken place in the last thirty years is owing to that contraction of our money volume which began in 1865, and which has been steadily progressing ever since. I also believe that we are destined to have a still greater depression in business, and a corresponding increase of hard times and general suffering,

unless the present scheme of the money-power to destroy all forms of legal-tender paper currency is defeated. Firmly believing in the soundness of my diagnosis and in the remedy herein advocated, I send forth my little book hoping it will convince others, and so contribute to a restoration of good times for all.

THE END.